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United States
Department of
Agriculture

Office of
Inspector
General

Office of Inspector General FY 1998 Annual Plan

October 1, 1997-
September 30, 1998



FOREWORD

This is the Office of Inspector General's (OIG) Annual Plan for fiscal year (FY) 1998. This plan describes our strategies for conducting audits, investigations, and evaluations to provide our Department's managers with information they can use to improve the programs and activities they administer.

We work with a diverse universe in the U.S. Department of Agriculture (USDA). Our work is conducted in over 30 agencies and entities in the Department which administer more than 300 programs involving thousands of sponsors, contractors, and grantees. Our strategic planning process enables us to identify and focus on those programs most vulnerable to fraud and waste, or those where the largest dollar losses are most likely to occur. This process also helps us make the best use of our audit and investigative resources.

We encourage agency management to provide input into our planning process, and we have incorporated many of their suggestions into our FY 1998 audit plan. The suggestions generated through our meetings with agency management will be carried on into individual audit assignments to better reflect their concerns in the objectives, scope, and approach of our work. While we maintain our independence, we work in partnership with USDA agencies to promote integrity by detecting and preventing fraud, waste, and abuse. We provide an invaluable service to agency managers by recommending solutions to current problems, identifying vulnerabilities, and recommending actions to avoid future problems.

Our major focus this year, as in years past, is the health, safety, and welfare of all those who are either serviced by or benefit from programs administered by USDA. We will also continue to monitor the expansion of the Electronic Benefits Transfer systems for entitlement programs. In addition, our resources will be directed on the Department's financial accounting systems, food and consumer protection issues, and threats to the health and safety of the public. Our strategic plans for FY 1998 are described further in the pages of this document.

We also set aside time to deal with those unexpected, critical issues that inevitably arise during the course of a year. For example, in FY 1997, our office worked on a secretarial initiative to determine whether there were disparities in minority participation in farm loan programs and whether minority farmers were being treated fairly when they applied for farm loans or loan servicing. This initiative required resources from all our regional offices to effectively conduct a nationwide review. We have also identified and plan to launch several special initiatives in FY 1998. These initiatives are detailed on pages 1 and 2. We believe that the flexibility we built into our plan helps us conduct our mission effectively, and ensures that we can respond to high-priority issues as they arise. We continually welcome suggestions for areas to which OIG might give attention in future audit and investigative activities.



ROGER C. VIADERO
Inspector General

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ACRONYMS

AARCC	Alternative Agricultural Research and Commercialization Corporation
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CCC	Commodity Credit Corporation
CSREES	Cooperative State Research, Education, and Extension Service
FAIR Act	Federal Agricultural Improvement and Reform Act of 1996
FAS	Foreign Agricultural Service
FCIC	Federal Crop Insurance Corporation
FCS	Food and Consumer Service
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FY	Fiscal Year
GIPSA	Grain Inspection, Packers and Stockyards Administration
NASS	National Agricultural Statistics Service
NRCS	Natural Resources Conservation Service
OCIO	Office of the Chief Information Officer
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency
RBS	Rural Business-Cooperative Service
RHS	Rural Housing Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
U.S.	United States
USDA	U.S. Department of Agriculture

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SPECIAL INITIATIVES

Secretarial Initiatives

- Child and Adult Care Food Program (CACFP)

The CACFP reimburses for meals served to preschool and school age children in day-care homes and centers, and served to chronically impaired adults and adults age 60 or older enrolled in adult day-care centers. The Food and Consumer Service estimates \$1.5 billion in reimbursement for FY 1997. Recent OIG reviews of CACFP sponsors found that 11 of 12 sponsors reviewed allowed their day-care homes to claim payment for children they did not feed, or shortchanged those they did feed with meals that were not nutritionally balanced. Criminal prosecution is currently being pursued against four of these sponsors on a variety of charges. In order to maintain the integrity of the program by assuring monies designated to feed children and adults in day-care settings are used for their intended purpose, we will be doing additional "sweeps" of sponsors in FY 1998 to identify those who may be abusing or defrauding the program.

- Fleeing Felons and Prison Inmates in the Food Stamp Program

By law, fugitive felons are ineligible for Food Stamp Program (FSP) benefits, and prison inmates are not eligible by virtue of no longer residing in the household. On a small scale, OIG matched FSP roles with information on fugitive felons and identified 207 fugitives who received an estimated \$300,000 in food stamp benefits. In addition, 85 fugitives were taken into custody with such felony convictions as assault, attempted murder, and drug trafficking. A match of FSP and welfare roles against prison inmate roles in two adjoining States identified 1,175 inmates who were still included in FSP benefit determinations even though they were incarcerated. Because of this, \$142,000 in excess benefits was paid out. This initiative will be expanded to an additional 20 selected sites around the country. We estimate this initiative could remove upwards of 28,000 ineligible participants from FSP roles, as well as annually save about \$36 million. In addition, violent and dangerous criminals will be taken off the streets.

Joint Audit/Investigation Initiatives

- Rural Rental Housing (RRH) Program

OIG audits and investigations have detailed a continuing history of fraud and abuse in the Rural Housing Service's (RHS) RRH Program including misuse of project funds from general operating, reserve, tenant security, and laundry accounts. RHS internal reviews have documented serious maintenance, health, and safety deficiencies at some projects. Recent legislation now provides an avenue for agencies to take aggressive action to identify and eliminate the worst offenders -- those who convert tenant rental proceeds and Federal assistance to personal use while neglecting the physical condition of deteriorating properties. Using automated audit techniques, from the 16,300 RRH projects, we can identify RRH projects that have certain risk factors that may point to financial irregularities and threats to tenant health and safety. These suspect projects will be targeted for further review using teams of OIG and RHS personnel.

- Emergency Response Team

OIG places the highest priority on responding to emergency situations involving USDA programs. For example, in FY 1997, at least 37 States had one or more counties in which a disaster had been declared by the Secretary or President. We must ensure that disaster funds are fully used to alleviate the suffering of those in need, are not diverted to ineligible individuals or projects, and are not wasted in the form of excessive contracting costs and administrative expenses. Also critical is the need to ensure that criminal activity is identified and halted in cases involving the intentional contamination of food products consumed by the public; the processing and sale of adulterated meat, poultry, and egg products; and the substitution, adulteration, or other misrepresentation of food products regulated or produced by USDA. An Emergency Response Team of auditors and investigators is in place to review these emergency situations.

THE OIG MISSION

The Office of Inspector General was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The act requires the Inspector General to independently and objectively

- perform audits and investigations of the Department's programs and operations;
- work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance; and
- report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year.

We accomplish this mission by

- investigating allegations of fraud and abuse;
- using preventive audit approaches, such as reviews of systems under development;
- conducting audits of the adequacy and vulnerability of management and program control systems; and
- auditing the adequacy of large USDA payments, such as insurance and deficiency payments, major loans, and retailer food stamp redemptions.

OIG is headquartered in Washington, D.C., and has regional offices located in Atlanta, Georgia; Chicago, Illinois; Kansas City, Missouri; New York, New York; Riverdale, Maryland; San Francisco, California; and Temple, Texas. Our Financial and ADP Operations regional office is also located in Kansas City, Missouri.

We emphasize service to management at all levels of the Department by briefing senior Department officials on major audits and investigations. We also work proactively with agency managers, as part of a united team, by directly encouraging management input into the audit and investigative process to help solve difficult problems impacting program management and operations. As a member of the President's Council on Integrity and Efficiency (PCIE), we participate with other Inspectors General in multiagency projects where the issues are crosscutting and need to be addressed Governmentwide.

AUDIT AND INVESTIGATIVE UNIVERSE

The audit and investigative universe comprises all programs, functions, and organizations, and the contractors and grantees for which USDA is responsible. USDA's FY 1998 proposed budget contains a broad agenda of budget programs to support the Department's agencies and program operations. The annual program level, over \$88 billion, represents the value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance, or in-kind benefits such as commodities.

USDA programs are delivered in every State, county, and city in the Nation by over 109,000 Federal and non-Federal government employees. In addition, the Secretary of Agriculture has appointed agricultural ministers, attaches, and officers to 80 U.S. embassies, consulates, and trade offices covering over 100 countries. USDA is involved in extensive food quality and safety issues, food aid and assistance programs, market development activities, rural development initiatives, environmental and biotechnology issues, and a wide range of export promotion programs.

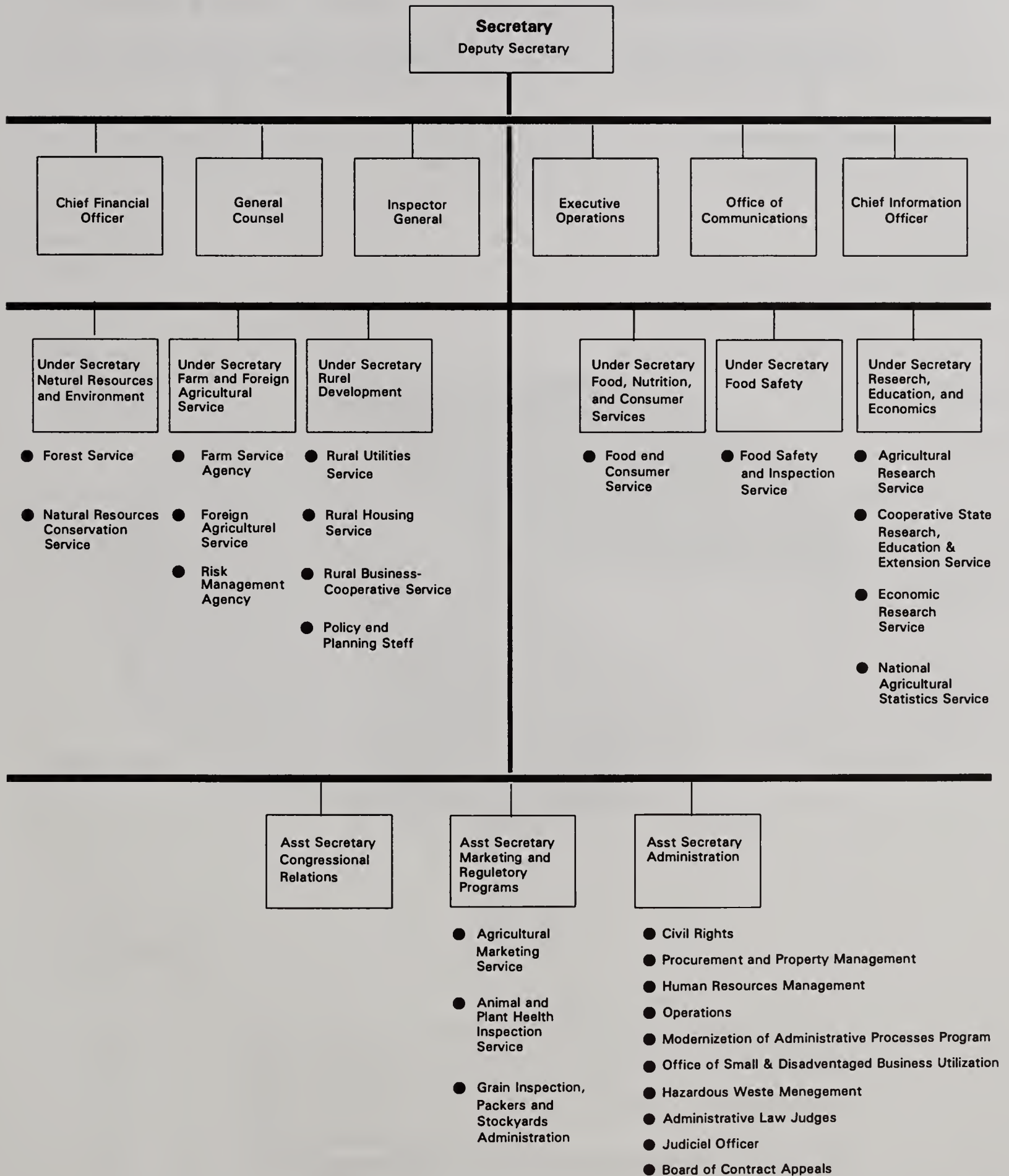
STRATEGIC PLANNING

Our strategic approach to planning and prioritizing audit and investigative activities enables us to focus our resources on those programs most vulnerable to fraud and abuse, or those where the largest dollar losses are most likely to occur. In each strategic area, we establish goals and plans for both short- and long-term emphasis. We work closely with agency management to identify those areas where we could provide assistance in resolving difficult issues.

Descriptions of our strategies and examples of planned audit and investigative work within the strategies are described in more detail in appendix I. A description of major audits and a complete list of all audits planned can be found in appendices II and III.

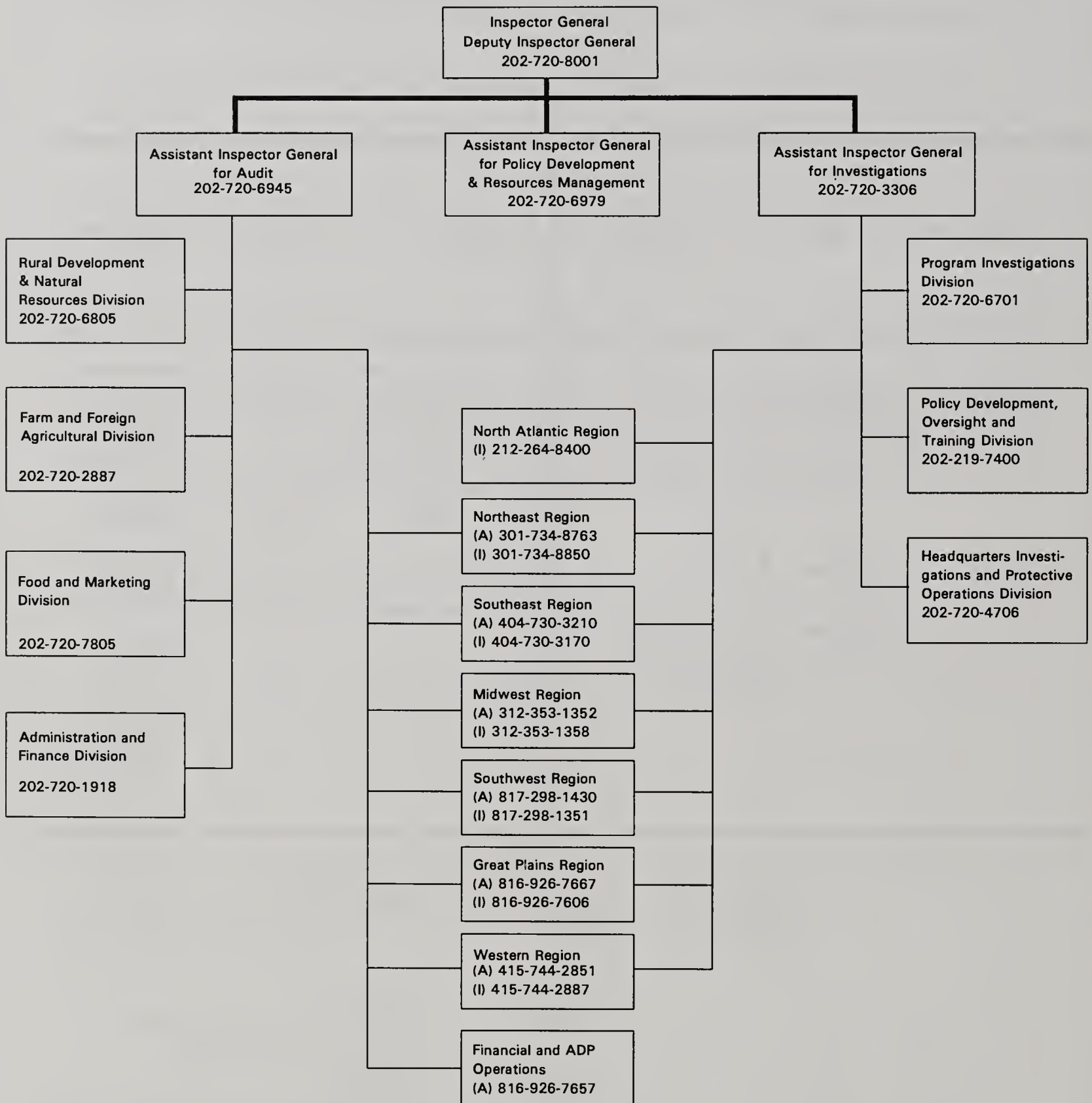
USDA ORGANIZATIONAL CHART

As of August 1997



OIG ORGANIZATIONAL CHART

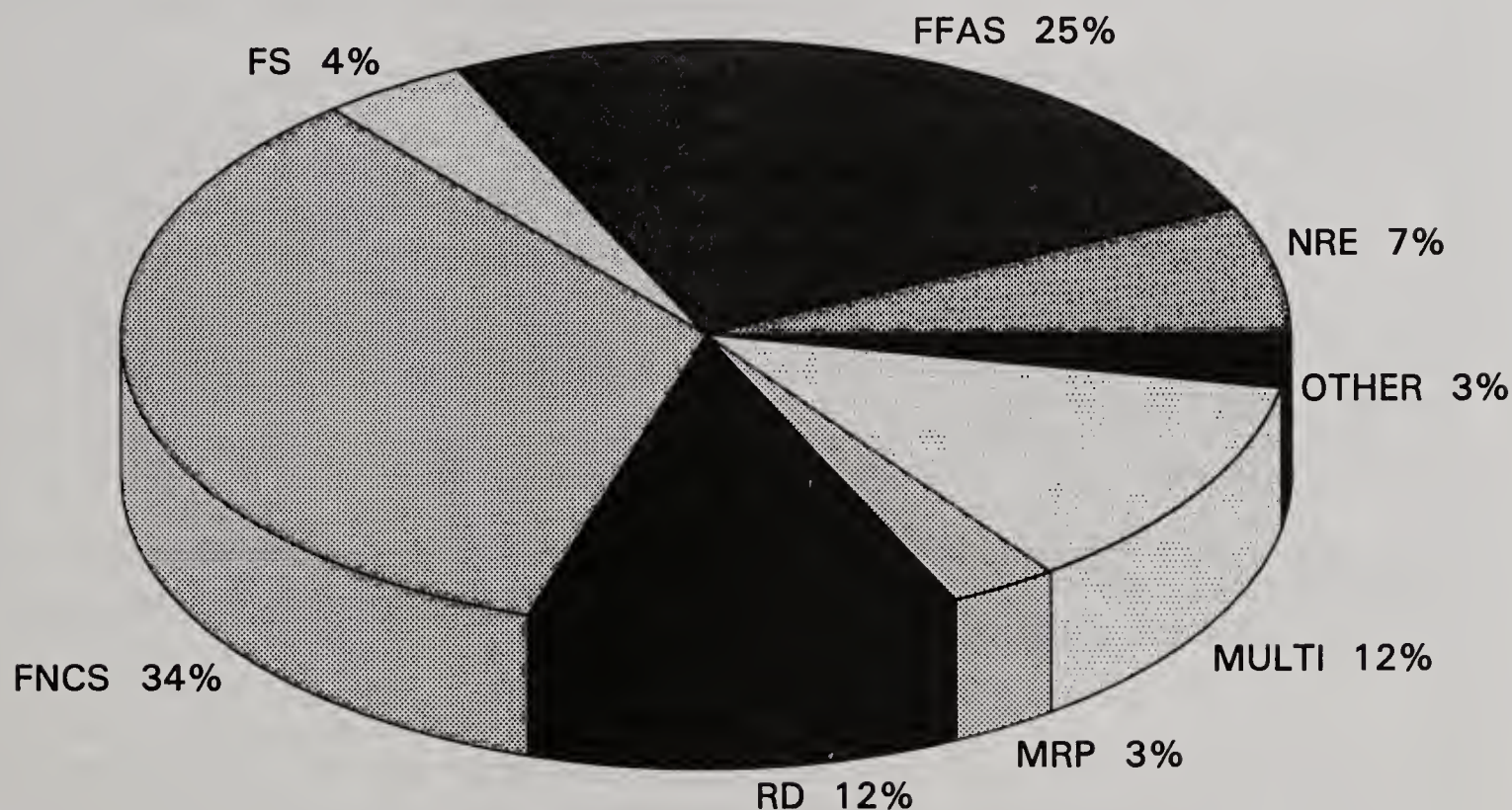
As of August 1997



OIG's mission is to conduct audits, investigations, and evaluations of USDA programs and operations to effect positive changes.

FY 1998 ANNUAL PLAN

DISTRIBUTION OF OIG RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	--	Under Secretary, Natural Resources and Environment
FFAS	--	Under Secretary, Farm and Foreign Agricultural Services
RD	--	Under Secretary, Rural Development
FNCS	--	Under Secretary, Food, Nutrition, and Consumer Services
FS	--	Under Secretary, Food Safety
MRP	--	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF OFFICE OF INSPECTOR GENERAL RESOURCES
BY AGENCY
FY 1998 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	6 %
	Natural Resources Conservation Service	1 %
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	19 %
	Foreign Agricultural Service	1 %
	Risk Management Agency	5 %
RURAL DEVELOPMENT	Rural Utilities Service	1 %
	Rural Housing Service	9 %
	Rural Business-Cooperative Service	2 %
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	34 %
FOOD SAFETY	Food Safety and Inspection Service	4 %
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	1 %
	Animal and Plant Health Inspection Service	2 %
	Grain Inspection, Packers and Stockyards Administration	*
MULTIPLE AGENCY		12 %
OTHER	Administration; OCFO; Research, Education & Economics	3 %

*Less than 1 %

INVESTIGATIONS

Investigations are authorized inquiries to gather the facts needed to resolve an allegation that someone has violated a law or regulation pertaining to USDA programs or operations.

OIG Special Agents are criminal investigators who specialize in the investigation of crimes involving USDA programs. Each investigator receives initial training at the Federal Law Enforcement Training Center in Glynco, Georgia. Additional training in law enforcement procedures, investigative techniques, and USDA program regulations is provided throughout the career of the investigator.

INVESTIGATIVE PLANNING

The investigative planning process focuses on identifying program vulnerabilities and investigative priorities, then establishes general guidelines for the allocation of our investigative resources. It includes an analysis of historical patterns, trends, and results; a review of recent legislative, regulatory, and program changes; consideration of U.S. Department of Justice prosecutive guidelines; consideration of budgetary and staffing restrictions; and coordination with audit activities. Through the investigative planning process, we have identified priorities that include the timely investigation of

- threats to the health and safety of the public;
- issues involving allegations of bribery, conflict of interest, embezzlement, theft, or collusion with program participants; and
- fraud in the loan, regulatory, and benefit programs.

In preparing our plan for FY 1998, we analyzed data on requests for investigation received in previous years, the number of cases opened, and the results of those investigations. We reviewed recent legislative, regulatory, and program changes, and contacted each agency within USDA for suggestions and recommendations. We also reviewed audit plans for FY 1998 and considered our budget and anticipated staffing. Based on these considerations, we developed general guidelines for emphasizing areas for investigation.

These guidelines will be reviewed during FY 1998 by our regional managers before they decide which referrals to take on as active cases. They will also consider the potential program impact, the likelihood of criminal prosecution, the likelihood of large civil monetary recovery, and the deterrent value.

The majority of the investigations are based on referrals from USDA agencies. Departmental Regulation 1700-2, "OIG Organization and Procedures," requires that USDA agencies expeditiously report known or suspected violations of law or regulations to OIG. Activities which must be reported to OIG include

- alleged violations of Federal criminal statutes,
- allegations of criminal conduct or serious misconduct involving any USDA employee.

THE INVESTIGATIVE PROCESS

The investigative process usually begins with the receipt of an allegation of fraud or abuse. Investigations are opened in OIG regional offices in accordance with priorities and general guidelines established at the headquarters level.

After an investigation is opened, it is assigned to a Special Agent who plans the investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and departmental or agency policies that may be involved. The Special Agent then conducts the investigation, which may require interviewing witnesses, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and undercover operations. If the Special Agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the Special Agent prepares an investigative report summarizing the facts disclosed during the investigation.

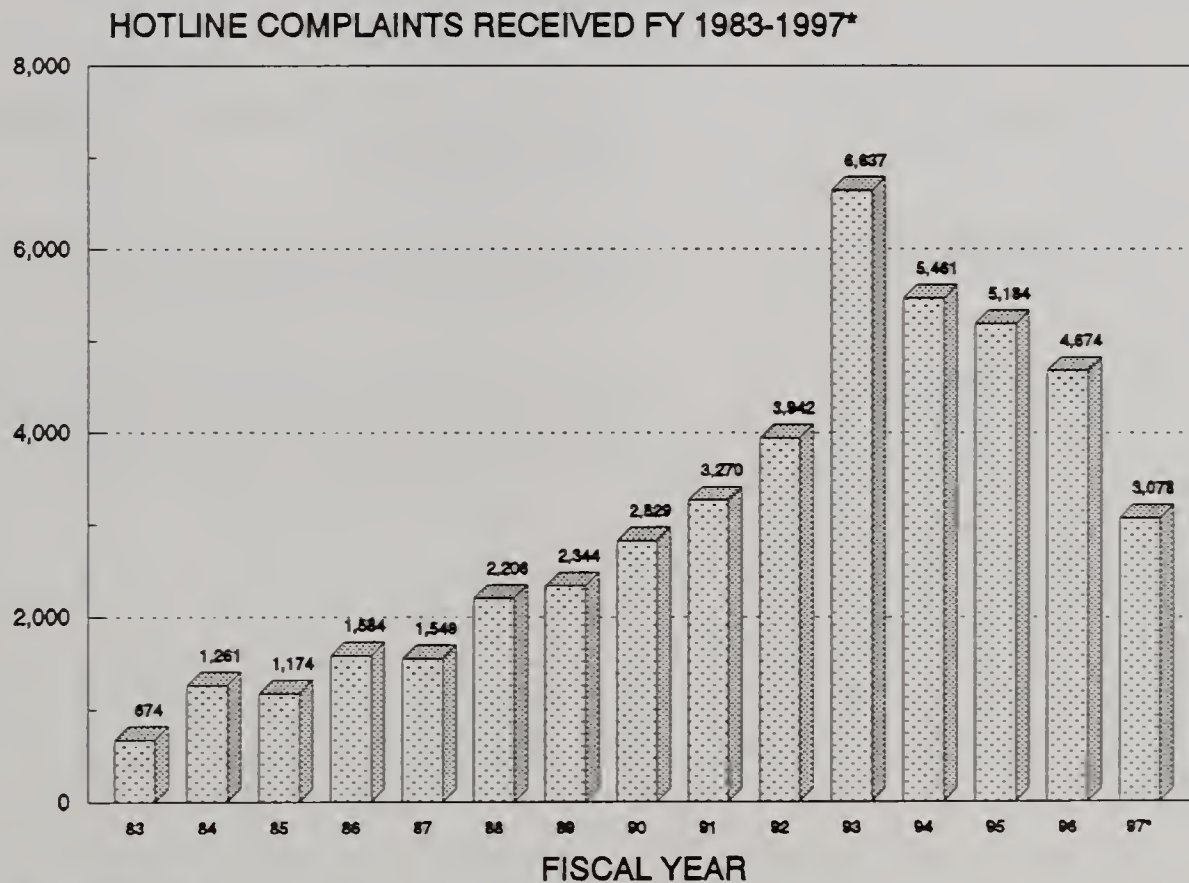
The investigative report is distributed to prosecuting attorneys and agency officials who may have an official interest in the results of the investigation. If the prosecuting attorney decides to proceed with a criminal or civil prosecution, the Special Agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, executing arrest and search warrants, and testifying before a grand jury or at a trial.

At the conclusion of any court actions, we advise the administrative agency involved of the court results and monitor any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the court and administrative results of its investigations and includes this data in its semiannual report to the U.S. Congress.

HOTLINE

Established under the provisions of the Inspector General Act of 1978, the OIG Hotline is operated in accordance with procedures recommended by the PCIE. Allegations received through the Hotline may involve any agency, program, or employee of USDA. The U.S. Congress, the executive branch, and the public have come to expect and demand adequate Hotline systems to resolve complaints timely and appropriately. Significant audit findings and investigative results have been obtained based on information received through this critical function.

During FY 1996, the OIG Hotline received, reviewed, and processed 4,674 complaints from USDA employees and the general public, compared to 674 complaints in FY 1983. In the first 9 months of FY 1997, 3,078 complaints were received. The following graph depicts the Hotline activity over the last 15 years.



* FY 1997 - First 9 months.

For each complaint received, the Hotline staff must determine whether the USDA agency's response to the complaint is adequate before recommending further investigative or audit work. Because of the large volume of complaints, the operation of the Hotline presently requires seven full-time employees with additional support from six other employees.

The OIG Hotline has a toll-free telephone number which anyone may call to report fraud, mismanagement, or waste in a USDA program or misconduct by a USDA employee. Callers may choose to remain anonymous or may request that OIG keep their identity confidential.

We have three Hotline numbers established for use by the public and departmental employees. These numbers can be called 24 hours a day. Complaint analysts are on duty 8:00 a.m. to 4:30 p.m., eastern time, Monday through Friday. During nonduty hours, messages can be left on a recorder and are retrieved the following business day. General Hotline information, telephone numbers, and the mailing address are provided to USDA agencies for employees' information. In addition, this information can be found on the USDA and OIG home pages on the World Wide Web via the Internet (www.usda.gov/oig/hotline.htm).



800-424-9121

This is a toll-free number to be used outside Washington, D.C.



202-690-1622

This number is to be used in the Washington, D.C., metropolitan area.



202-690-1202

This number connects to a telecommunications device for the hearing impaired.
(NO TOLL FREE NUMBER, CALL COLLECT)

SPECIAL REPORTING OF BRIBES OR GRATUITIES

Many USDA employees serve as inspectors and graders of meat, poultry, dairy products, eggs, and produce and also meet and deal with the public as loanmakers. These employees are occasionally subject to offers of bribes and gratuities to influence their official duties. USDA employees who receive such offers may contact OIG by calling the direct line indicated below. Special Agents respond 24 hours a day. Complainants may also write to the Office of Inspector General at P.O. Box 23399, Washington, D.C. 20026.

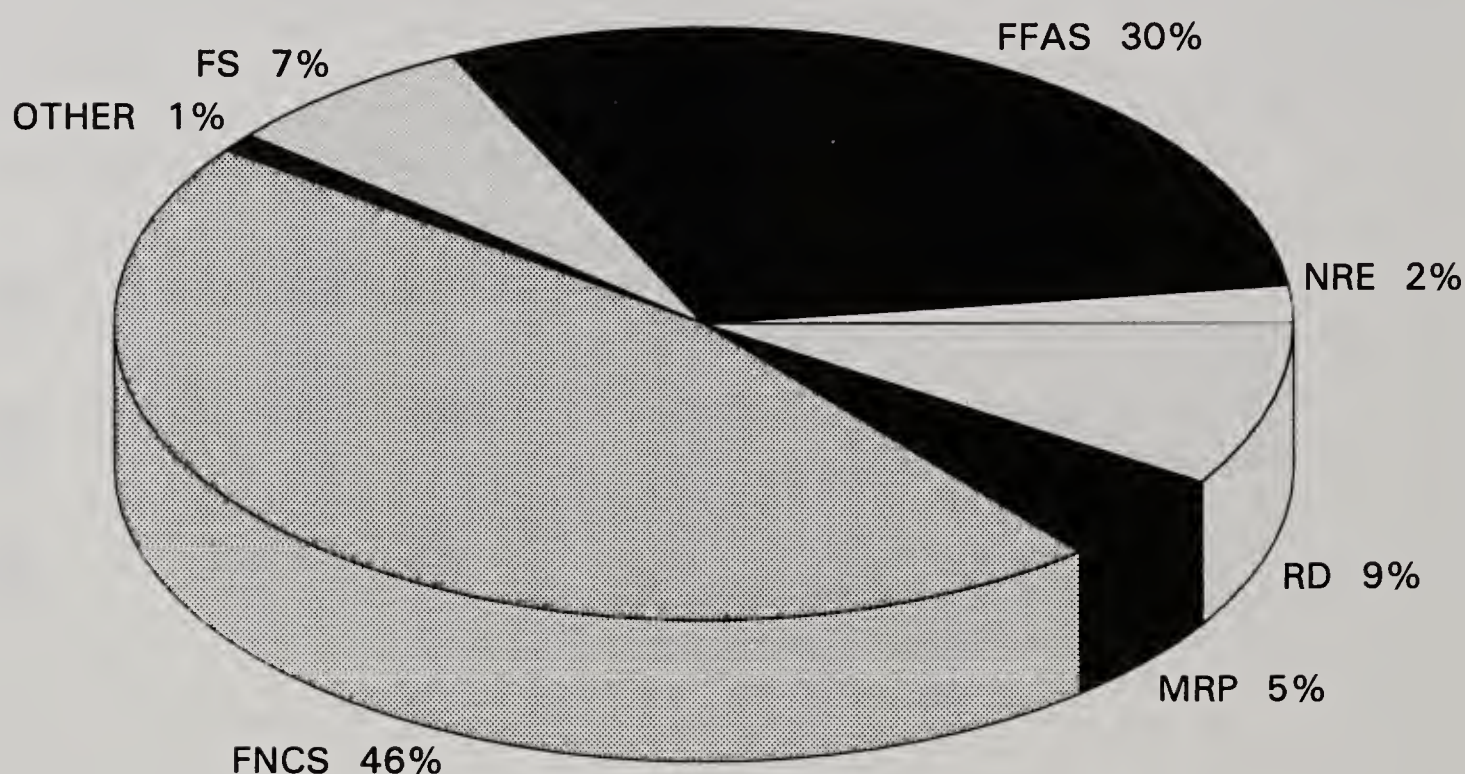


202-720-7257

This number is to be used by USDA employees to report offers of bribes or gratuities.

FY 1998 ANNUAL PLAN

DISTRIBUTION OF INVESTIGATIVE RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	--	Under Secretary, Natural Resources and Environment
FFAS	--	Under Secretary, Farm and Foreign Agricultural Services
RD	--	Under Secretary, Rural Development
FNCS	--	Under Secretary, Food, Nutrition, and Consumer Services
FS	--	Under Secretary, Food Safety
MRP	--	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF INVESTIGATIVE RESOURCES
BY AGENCY
FY 1998 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	1 %
	Natural Resources Conservation Service	*
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	24 %
	Foreign Agricultural Service	1 %
	Risk Management Agency	5 %
RURAL DEVELOPMENT	Rural Utilities Service	*
	Rural Housing Service	8 %
	Rural Business-Cooperative Service	*
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	46 %
FOOD SAFETY	Food Safety and Inspection Service	7 %
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	2 %
	Animal and Plant Health Inspection Service	3 %
	Grain Inspection, Packers and Stockyards Administration	*
OTHER	Administration; OCFO; Research, Education & Economics	1 %
*Less than 1 %		

AUDIT

Audit is the examination and verification of the economy and efficiency of an agency's operations, its effectiveness in achieving program results, its compliance with applicable laws and regulations, and its fairness in reporting its financial operations. We also perform evaluations. An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. In addition to audits performed by OIG staff, we contract with certified public accountants for some audits and oversee the quality of the work of auditors under contract to other agencies of the Department.

OIG auditors conduct their work in accordance with the "Government Auditing Standards: 1994 Revision" (Yellow Book), published by the U.S. General Accounting Office, and in accordance with the professional standards set by the American Institute of Certified Public Accountants. We have established and implemented a program to ensure that our staff maintains professional proficiency through continuing education and training. Training directly related to the Government auditing environment is provided to newly hired, intermediate, and advanced level OIG auditors through in-house audit academies.

"Government Auditing Standards" describes the types of audits that Government and non-Government organizations conduct and the audit standards to be followed. Government audits are classified as financial or performance audits.

FINANCIAL AUDITS

Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position and results of operations in accordance with generally accepted accounting principles.

Financial related audits determine whether financial reports and related items, such as elements, accounts, or funds, are fairly presented; whether financial information is presented in accordance with established or stated criteria; whether the entity has adhered to specific financial compliance requirements; and whether the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.

PERFORMANCE AUDITS

Economy and efficiency audits determine whether the entity is acquiring, protecting, and using its resources economically and efficiently; what the causes of any inefficiencies or uneconomical practices are; and whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program audits determine whether the desired results or benefits established by the legislature or any other authorizing body are being achieved; whether the organizations, programs, activities, or functions are effective; and whether the entity has complied with laws and regulations applicable to the program.

AUDIT PLANNING

Each year, we begin the planning process by updating our profiles of USDA programs and activities and by requesting audit suggestions from the Under and Assistant Secretaries, agency heads, and OIG staff. In prioritizing the suggestions for inclusion in the FY 1998 Annual Plan, we considered

- current and potential dollar magnitude;
- audit requirements established by law;
- statutory and regulatory requirements;
- adequacy of internal control systems;
- newness, changed conditions, or sensitivity of the organization, program activity, or function;
- extent of Federal participation in terms of resources or regulatory authority;
- management needs to be met;
- prior audit history;
- prior investigation history; and
- timeliness, reliability, scope, and results of audits or evaluations performed by others.

THE AUDIT PROCESS

The phases of the audit process include the following

Audit Approach	Development of an audit approach includes determining the reasons for selecting the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff-days needed, other resources required (e.g., specialists with timber or banking expertise) to perform the audit, and benefits anticipated from the audit.
Audit Notification	Audit notification to the appropriate USDA agency or office informs auditees of our intent to begin an audit.
Entrance Conference	OIG staff hold entrance conferences with agency officials to discuss and obtain input on the purpose and objectives of the audit, its scope, and the general methodology and procedures to be followed.
Survey Work	Auditors perform survey work to gather information and identify problems.
Field Audit Work	Detailed audit testing and interviewing are undertaken if the survey indicates the need to learn more about conditions noted.
Management Alert	During the course of an audit, issues arise which require the immediate attention of management. This interim report furnishes the vehicle to provide management the information needed to initiate immediate corrective action.
Discussion Draft Report and Exit Conference	At the conclusion of an audit, OIG holds a formal exit conference with the agency's principal officials to review the audit results presented in a discussion draft report. This gives management an opportunity to confirm information, to ask questions, and to provide any necessary clarifying data.
Official Draft Report	After the exit conference, OIG makes necessary changes to the draft report and presents it as an official draft report to the agency for final written comments. The agency is generally given 30 days to respond to the official draft report.

Final Report

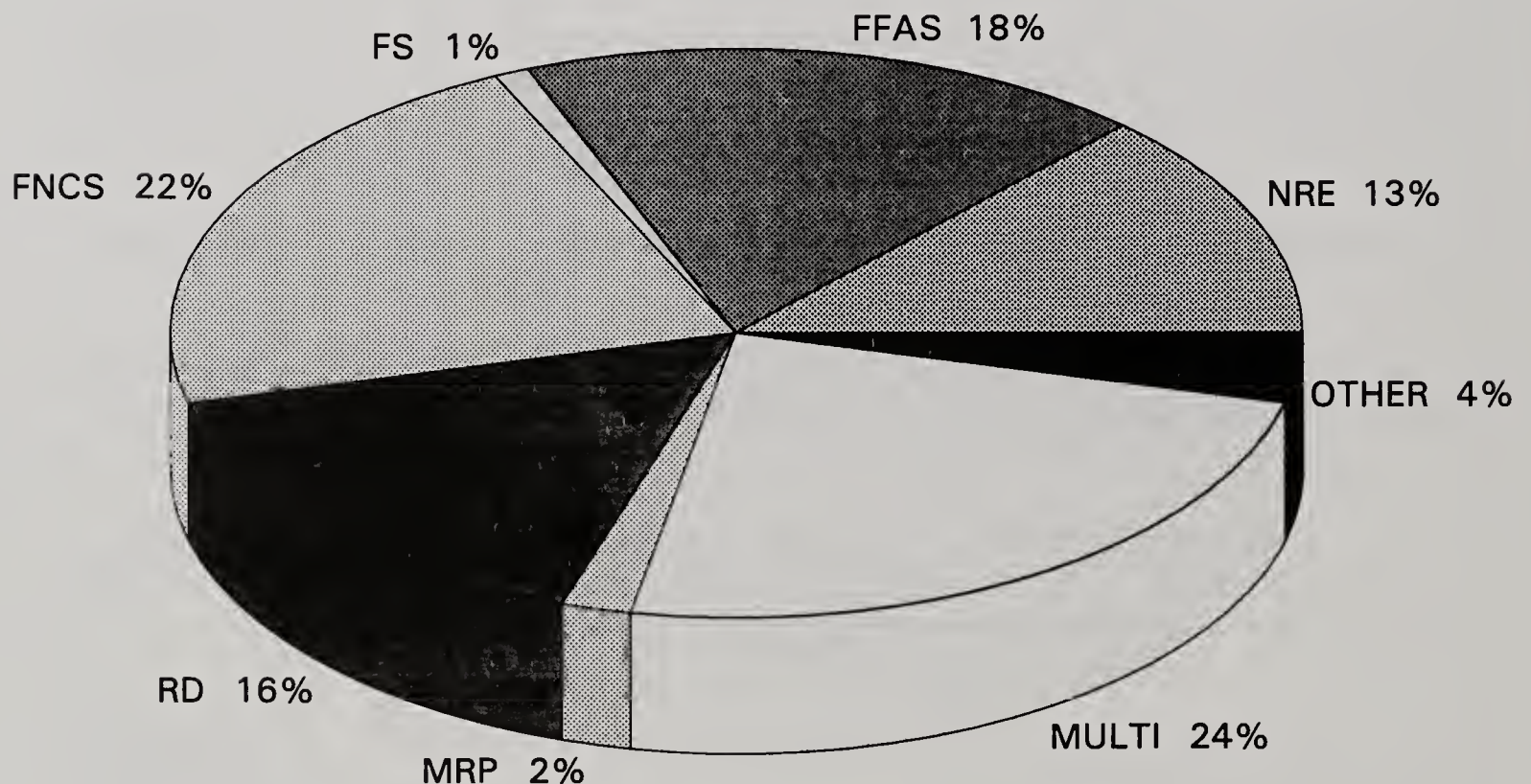
OIG prepares and issues a final report which contains the agency's written response.

**Management
Decision and
Final Action**

A management decision (agreement to take action on an audit recommendation) must be reached on all report recommendations within 6 months of issuance of the report. OIG tracks management's actions through the management decision; the Office of the Chief Financial Officer tracks actions from the management decision to completion of final action. The status of management decisions is included in OIG's semiannual report to the U.S. Congress. The status of final actions, including those not completed within 1 year of the management decision, is reported in the Secretary's semiannual report to the U.S. Congress.

FY 1998 ANNUAL PLAN

DISTRIBUTION OF AUDIT RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

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**DISTRIBUTION OF AUDIT RESOURCES
BY AGENCY
FY 1998 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	11 %
	Natural Resources Conservation Service	2 %
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	13 %
	Foreign Agricultural Service	1 %
	Risk Management Agency	4 %
RURAL DEVELOPMENT	Rural Utilities Service	3 %
	Rural Housing Service	9 %
	Rural Business-Cooperative Service	4 %
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	22 %
FOOD SAFETY	Food Safety and Inspection Service	1 %
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	1 %
	Animal and Plant Health Inspection Service	1 %
	Grain Inspection, Packers and Stockyards Administration	*
MULTIPLE AGENCY		24 %
OTHER	Administration; OCFO; Research, Education & Economics	4 %
*Less than 1 %		

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OIG STRATEGIES

The FY 1998 Strategies are:

- FARM PROGRAMS
- MARKET DEVELOPMENT
- NATURAL RESOURCES CONSERVATION SERVICE
- ENTITLEMENT PROGRAMS
- FOREST SERVICE
- RESEARCH AND TECHNOLOGY TRANSFER
- INTEGRITY OF USDA PERSONNEL
- PROCUREMENT
- CONSUMER PROTECTION
- RISK MANAGEMENT
- ACCOUNTING AND FINANCIAL MANAGEMENT
- INFORMATION RESOURCES MANAGEMENT
- RURAL DEVELOPMENT
- MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS
- PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

Descriptions of the strategies, with examples of audit and investigative work recently performed and planned for FY 1998, are presented on the following pages.

FARM PROGRAMS

The Farm Programs strategy encompasses a variety of farm commodity and conservation programs administered by the Farm Service Agency (FSA). The programs are funded primarily through the Commodity Credit Corporation (CCC), a Government entity for which FSA provides operating personnel. The principal activities of FSA/CCC included in this strategy are the administration and management of price support, Agricultural Marketing Transition Act contracts, farm credit, conservation, and warehouse examination programs. These activities are estimated to cost the Department about \$21 billion for FY 1998.

AUDIT

Our strategy is designed to ensure overall program integrity, prevent and detect program losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on farm programs is needed because of the departmental reorganization, the Federal Agricultural Improvement and Reform Act of 1996 (FAIR Act), the significance of prior audit findings, the expansion and revision of major program areas, and the magnitude of funding legislated by the 1990 Farm Bill.

Our FY 1997 audits continued to find problems with the FSA payment limitation rules and abuse of the rules by producers. In addition, our work on the Noninsurance Assistance Program (NAP) has continued to show major problems in controls which have resulted in substantial losses. OIG audits have identified the need for improved internal control processes within FSA, and problems with producers submitting false or misleading information for program payment purposes. OIG audits have also found conflicts between emergency disaster loan regulations and the noninsured crop disaster assistance program.

Among the major audits of FSA planned for FY 1998 are audits of farm credit program direct loanmaking and servicing actions, emergency conservation program payments for crop year 1997, and noninsured crop disaster assistance program payments for crop year 1997. Additionally, many ongoing FY 1997 audits, (i.e., 15th signup for the Conservation Reserve Program, and the Emergency Disaster Loan Program) will continue into FY 1998.

INVESTIGATIONS

The major emphasis of our Farm Programs investigative strategy has been to investigate allegations of fraud. Our regional offices have always maintained a close working relationship with FSA State offices to ensure timely referral of investigative matters and to develop an understanding of FSA's priorities, resources, and needs. Headquarters informs the regional offices of significant program changes, develops national guidelines for referral of investigative matters, and alerts top agency managers to any program provisions that allow a potential for abuse.

Our decision to initiate an investigation is based on several factors, including the likelihood of criminal prosecution or large civil monetary recovery, determined primarily in consultation with the appropriate U.S. attorney's office. Another factor which influences the decision to open a case is the deterrent value of the Government bringing court actions against a producer.

Those matters not investigated by OIG are referred back to FSA for appropriate administrative action. The agency also has the option of resubmitting a request for an investigation based on additional or updated information.

Historically our major concerns in FSA programs have been the unauthorized disposition of property mortgaged to the Government, fraud by warehouse operators, false statements by commodities producers and exporters, and false statements by borrowers in order to obtain more or greater dollar value loans or debt write-downs than those to which they are actually entitled. Additionally, we anticipate referrals to emerge concerning NAP payments.

Approximately 24 percent of our investigative resources will be spent on FSA programs.

MARKET DEVELOPMENT

This strategy covers the Department's broad mission of selling agricultural commodities. Legislative goals require that there be full agricultural production at competitive prices, full assurance of quality, reliability of supply, profitable returns to the producer, and an orderly marketing process. The market development strategy involves both domestic and foreign programs.

In October 1995, the Secretary set a goal of achieving a 50-percent increase in agricultural exports by the year 2000. Achieving the increase will boost the annual farm income by 13 percent, create an estimated 378,000 new jobs off the farm, and result in a \$50 billion increase in U.S. economic activity.

To implement the USDA Long-Term Agricultural Trade Strategy, USDA has designed program delivery that involves providing subsidies, credit guarantees, long-term loans; publishing magazines and reports; advertising; engaging in trade negotiations; setting quality standards; regulating markets; entering into grants and cooperative agreements; and participating in trade fairs and international conferences. Agricultural trade offices are making potential foreign customers aware of our farm products. To carry out the diverse programs, USDA works with State and foreign governments, producer groups, nonprofit commodity groups, agricultural processors, exporters, land-grant colleges, county extension agents, and individual producers. Export promotion includes business counseling, training, market research information, trade missions and fairs, and export finance and assistance.

AUDIT

Our audit strategy is to evaluate the market development activities of the Foreign Agricultural Service (FAS) and the Agricultural Marketing Service (AMS) to determine if programs and activities are being properly implemented and are helping the Department achieve its goal of increased exports.

During FY 1997, OIG evaluated the implementation of the agricultural provisions of the North American Free Trade Agreement, reviewed the foreign market development coordinator and Market Access Programs and the international cooperation and development mission area within FAS, audited the CCC food aid donation agreement with the Fund for Democracy and Development, and reviewed the Joint Commissions for Agribusiness and Rural Development in the Russian Federation and the Kyrgyz Republic. During FY 1997, OIG began its initial review

of the FAS international trade policy and the recommendations contained in the Canada-United States Joint Commission on Grains. In addition, OIG worked with FAS in developing an Office of Management and Budget (OMB) Circular A-133, Compliance Supplement for the Section 416(b) and Food For Progress Programs.

During FY 1998, OIG plans to audit the Dairy Export Incentive Program, complete the review of the use of administrative funds by private voluntary organizations implementing the food aid donation programs, and evaluate the FAS domestic and outreach activities. OIG will also review the accuracy of the AMS Market News Program and implementation of the Uruguay Round provisions of the General Agreement on Tariffs and Trade.

INVESTIGATIONS

We have completed several significant investigations involving FAS. We will continue to work closely with OIG-Audit and FAS to ensure allegations involving FAS programs are reviewed in a timely manner. We anticipate that available staff workdays devoted to FAS cases will be approximately 1 percent.

NATURAL RESOURCES CONSERVATION SERVICE

The Natural Resources Conservation Service's (NRCS) mission is to work on the Nation's private lands to conserve, improve, and sustain natural resources. NRCS provides technical assistance through local conservation districts on a voluntary basis to land users, watershed groups, and Federal and State agencies. The agency's work focuses on erosion reduction, wetland restoration and protection, water quality improvement, fish and wildlife habitat improvement, and other conservation and natural resources practices. The FAIR Act authorized more than \$2.2 billion in additional funding for conservation programs to address high-priority environmental goals. The FAIR Act also reformed the existing Environmental Conservation Acreage Reserve Program, which encompasses the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program (EQIP), and the Wetland Reserve Program. EQIP combines functions of the Agricultural Conservation Program, Water Quality Incentive Projects Program (WQIP), Great Plains Conservation Program, and Colorado River Basin Salinity Control Program. EQIP was funded at \$130 million in FY 1996 and is funded at \$200 million annually thereafter. These new initiatives were created to improve natural resources on the Nation's private lands.

AUDIT

Our audit strategy is devoted to auditing conservation programs focusing on the environmental impact to our natural resources and private lands. Our audits have evaluated alternative conservation systems used in administering highly-erodible-land provisions, producer compliance with conservation provisions, and the reduction in soil loss through conservation compliance. Emphasis on the conservation provisions is needed because of the significance of prior audit findings and the FAIR Act's goal to address high priority environmental concerns. It is important we continue to direct our audit effort to evaluating these conservation programs to help conserve, improve, and sustain our natural resources and environment.

Our FY 1997 audits focused on whether NRCS planned adequate conservation systems for the acreage released early from the CRP. We evaluated the producers' efforts to apply the conservation plans developed by NRCS. We also provided NRCS our evaluation of the WQIP to advise USDA officials of water quality

problems which should be considered in developing and implementing the focus, objectives, and delivery systems for EQIP.

Among the major audits of NRCS planned for FY 1998 are audits and evaluations of the implementation of EQIP, the propriety of eligibility determinations and emergency classifications for the Emergency Watershed Protection Program, whether program objectives have been achieved to the fullest extent possible for the Wetland Reserve Program, and whether NRCS cooperative agreements comply with Federal requirements for the use of advisory and assistance services.

ENTITLEMENT PROGRAMS

The Food and Consumer Service (FCS) administers the Department's food assistance programs, which include the Food Stamp Program (FSP); the Child Nutrition Programs (CNP); and the Special Supplemental Food Program for Women, Infants and Children (WIC). These three major entitlement programs will account for approximately \$38 billion in expected expenditures in FY 1998. All of these programs are administered by the States through agreements with FCS. The States, in turn, negotiate with county and project offices to deliver program benefits.

AUDIT

Our audit strategy is to focus on both FCS' overall administration of the programs, especially the FSP, and the adequacy of controls and systems FCS has in place to manage the programs. We will also build upon audits performed under the Single Audit Act (OMB Circular A-133).

In FY 1997, our audits of FCS focused primarily on the FSP since it is the largest of the entitlement programs. We continued our auditing of the Electronic Benefits Transfer (EBT) system by reviewing the implementation of EBT in Illinois. We also conducted an audit of the implementation of the Account Management Agent (AMA) system. The AMA is a new system to manage and account for Federal FSP funds delivered by EBT systems. Our audit disclosed that AMA significantly improves FCS' management and control of Federal funds by providing daily reporting of States' activity to FCS. This enables FCS to limit the obligation of funds to the amount of benefits actually authorized for issuance by States.

As part of our continuing review of FCS' efforts to control error rates, we evaluated its control over States' reinvestment of quality control penalties including its negotiated settlements. Our review of the terms of the settlements FCS negotiated showed that: (1) States were absolved of liabilities regardless of their histories of excessive error rates; (2) contingency provisions of the settlements did not always provide incentives for States to reduce error rates; (3) settlements included payment of Federal matching funds for reinvestment initiatives that should have been fully funded by States; and (4) States were allowed credit for required and/or ongoing corrective action initiatives, thereby supplanting rather than supplementing error reduction activities.

We evaluated the systems used by the New York State Department of Social Services to establish and collect food stamp claims. Our audit disclosed that the State agency needs to ensure that all reporting agencies within the State maintain adequate accounts receivable systems to provide detailed claims information to fully support claims totals reported to FCS. In addition, New York City had over 125,000 unworked potential FSP claim cases, because the department had not devoted sufficient resources to review all potential FSP claims. We calculated the potential value of these claims to be about \$63 million.

Also, we reviewed the administrative costs claimed by the California Department of Health Services (DHS) for WIC. Our audit disclosed that since 1991, DHS has demonstrated a chronic pattern of noncompliance with program requirements. Although DHS consistently stated that it would resolve the deficiencies reported by previous audits and management evaluations, the deficiencies continued to exist. As a result, DHS continued to claim unsupported and ineligible costs, inaccurately report annual program expenditures, maintain excessive voucher inventory levels, and insufficiently monitor local agencies.

In our ongoing reviews of sponsors administering the Child and Adult Care Food Program (CACFP), we continued to find widespread problems ranging from seriously deficient program administration to fraud. Our reviews have revealed a breakdown in controls at the sponsor level. We reviewed 12 sponsors in 10 States, and found 11 of them to be seriously deficient in their administration of the program. Furthermore, we have pursued criminal investigation of four of the sponsors. Criminal charges have been filed by the U.S. attorney in one of the cases.

Our audit of the Food Distribution Program (FDP) on Indian Reservations disclosed that the Indian Tribal Organizations (ITO) and local agencies did not effectively apply prescribed administrative controls developed to ensure compliance with FDP program requirements. Controls used by the ITO's and local agencies did not ensure the detection or prevention of households from simultaneously participating in the FDP and FSP.

Since FCS programs have large cash outlays, the potential exists for fraud and large dollar losses. In FY 1998, we will continue to emphasize audits of FCS programs, particularly the FSP, to ensure that critical internal control checks are in place to guarantee efficiency, effectiveness, and economy. With EBT expansion planned over the remainder of the decade, we will be working closely with FCS to ensure that EBT systems have sufficient controls to provide an accurate amount of benefits to recipients, that retailers are reimbursed correctly, and that the EBT data base is used to identify problem retailers and participants. In addition, because of the size of the CACFP and the high percentage of sponsors found last year to be

delinquent in their administration of it, a nationwide initiative is planned to target those sponsors we suspect of diverting funds from the program.

INVESTIGATIONS

Our FSP investigations have typically focused on trafficking (the exchange of food stamps for cash, drugs, property, and other nonfood items) by (1) authorized retail grocery store owners and employees and (2) individuals not associated with authorized retail stores. In FY 1998, we expect to continue to expend a considerable amount of our resources investigating food stamp trafficking by authorized retailers, especially those authorized to redeem FSP benefits through EBT systems. At the same time, we will reduce time spent on food stamp trafficking investigations involving unauthorized individuals or entities. Also, several investigative initiatives will be started in FY 1998 to enforce provisions added to the Food Stamp Act by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These initiatives will include computer matches of fugitive felons and prison inmates against the rolls of the FSP.

In order to maximize the effectiveness of these investigations and improve our intelligence-gathering capabilities, we will continue to work closely with the FCS compliance staff in cases involving authorized retailers. We will continue to work with other Federal, State, and local law enforcement agencies in cases involving trafficking.

Additionally, joint Investigations/Audit teams will conduct "sweeps" of day care providers participating in USDA's CACFP in an effort to identify those who overclaim expenses and meals served, falsify attendance, or do not exist.

During the first three-quarters of FY 1997, we expended approximately half of our investigative resources on FCS programs, primarily in the FSP. In FY 1998, we plan to use approximately 46 percent of staff workdays on FCS programs.

FOREST SERVICE

The Forest Service (FS) has the Federal responsibility for providing leadership in forestry practices on public and private lands. The National Forest System covers approximately 191 million acres of national forests and grasslands. These lands are administered by FS through 9 regional offices, 156 forest supervisor offices, and over 600 ranger districts, which are located in 44 States, Puerto Rico, and the Virgin Islands. FS manages all resources on these lands for multiple use on a sustained yield basis. FS also cooperates with State and local governments and private landowners in the management of forest resources, and provides leadership in forest and rangeland research. The FY 1998 budget for FS is projected at \$3.1 billion while receipts generated through timber sales and other activities are estimated at about \$1 billion.

AUDIT

Our audit strategy for FY 1998 will expand our ongoing effort to assess how FS' decentralized management structure affects agency performance. Our plan includes surveys of several issue areas that have not been assessed in recent years.

In FY 1997, we conducted audits which evaluated how well FS manages the various processes through which the agency provides funding to its non-Federal partners. We assessed the propriety of grants made to nonprofit organizations and evaluated agency controls over both cooperative and cost-reimbursable research agreements. We also completed audit work in the areas of Federal excess personal property and wildlife and fish habitat management. We initiated evaluations of land exchange activities and timber sale analysis requirements.

For FY 1998, we plan to evaluate contract procedures for the airtanker program, the unified budget, the budget allocation process, the national fire cache system, the International Forestry Program, and the collection of royalties on oil and gas production on FS lands. We also plan to evaluate the Land Exchange Program in the Pacific Southwest Region.

INVESTIGATIONS

In this strategy, we intend to investigate cases involving embezzlement and theft of Government funds and property as well as cases involving the FS' contracting for goods and services. We expect our efforts in the FS to be 1 percent in FY 1998.

RESEARCH AND TECHNOLOGY TRANSFER

USDA is the lead agency for the Federal investment in agricultural research and development and for programs that introduce new and improved technologies to the production, processing, and marketing of agricultural and forestry products.

The principal agencies of the Department's research and technology transfer effort are:

- the **Agricultural Research Service (ARS)** (including the National Agricultural Library), which supports direct Federal research and provides information on new and improved technologies on problems of national impact in production, processing, and marketing of agricultural and forestry products;
- the **Cooperative State Research, Education, and Extension Service (CSREES)**, which administers the Federal partnership with the State Land Grant system and other public and private institutions for science capacity building, basic and applied research, and the dissemination of information and technology;
- the **Economic Research Service**, which provides economic and social science information and analysis for public and private decision makers for improving agricultural profitability and the rural economy;
- the **National Agricultural Statistical Service (NASS)**, which is USDA's source for the collection and publication of the Nation's agricultural production statistics;
- the **Alternative Agricultural Research and Commercialization Corporation (AARCC)**, which is established as a wholly Government-owned corporation to advance research on new nonfood and nonfeed uses of agricultural and forestry commodities leading to commercialization of the products from this research and an increased demand for these commodities; and

- the **Forest Service Research appropriation**, which is designed to improve resource conservation, productivity, and protection of 1.6 billion acres of private- and publicly-owned forests and rangelands through direct research and the sharing of scientific information with other Government agencies, colleges and universities, businesses, and private landowners.

The FY 1998 funds available to these agencies will exceed \$2 billion.

AUDIT

For this strategy, our three major audit objectives will be to (1) determine if the policies and processes of USDA research funding decisions comply with the standards and expectations of individual program authorities and the National Agricultural Research, Teaching, and Extension Policy Act; (2) determine if the research delivery systems are productive and economical, and represent the best science available; and (3) determine if current and appropriate technology is disseminated effectively to the farming and forestry communities.

In FY 1997, we responded to two requests from the Administrator of CSREES to review allegations of the misuse of agency funds. We disclosed that 4-H funds within a State Cooperative Extension Program had been misappropriated and that State personnel practices denied Merit System's due process to Schedule A Federal appointees. We also continued our review of select FS research agreements to disclose a conflict-of-interest issue involving one of its grants managers. We conducted field work for a report on the CSREES' National Research Initiative Competitive Research Grants Program and initiated another on ARS and CSREES facilities grants to recipients specified by the U.S. Congress. We also began an evaluation of the performance and contribution of ARS facilities.

In FY 1998, we will conclude our review of the administration of competitive research grants and report on direct and extramural research facilities funding. We will initiate a review of the ARS implementation of the Technology Transfer Act and conclude our review of allegations of misuse of Federal funds by an 1890 land grant institution. In addition, we are initiating a review of CSREES delivery systems and their comparative efficiency.

INTEGRITY OF USDA PERSONNEL

The integrity of USDA personnel is essential to maintain the public's confidence that tax dollars and resources are adequately protected. A myriad of laws, Executive orders, and regulations prescribe what is expected of public servants before, during, and after Government employment. During employment, public servants are held to high ethical standards, including prohibitions against acceptance of gifts and gratuities, private compensation, and the appearance of a conflict of interest. Certain prohibitions also apply after an employee leaves the Government. For example, the Federal Procurement Policy Act (41 U.S.C. § 23) imposes a 1-year restriction prohibiting individuals from representing a contractor in the negotiation or performance of a contract if that individual was personally and substantially involved in either the negotiation or review and approval of that same contract as a Government representative.

INVESTIGATIONS

The prompt investigation of allegations involving the integrity of USDA employees continues to be a high priority of the Department and of OIG. Employee misconduct most often involves allegations of embezzlement, bribery, and conflict of interest. We have made a significant commitment to ensure that allegations of employee misconduct are investigated timely, in order that the agencies involved may proceed expeditiously with appropriate administrative action.

In addition to conducting investigations of criminal misconduct, OIG, in cooperation with Human Resources Management, jointly conducts a 1-week training course for personnel specialists and other selected employees in USDA agencies. We teach students how to plan, conduct, and report on their own investigations. Graduates are designated by their agency as "Non-Criminal Misconduct Investigators" and are authorized to investigate allegations involving employees of their agencies. This program has allowed agencies to quickly investigate and resolve allegations which do not require the expertise of a criminal investigator. It has also made our expenditure of OIG resources on misconduct matters in general to be more focused, efficient, productive, and effective.

We intend to continue our commitment to employee integrity investigations by spending 7 percent of investigative time in this area.

PROCUREMENT

Procurement of goods and services to support agency operations within USDA exceeded \$3 billion in FY 1997. The range of procurement and contracting is broad and includes advisory and assistance services; purchases of meat, poultry, and fish; and the printing and distribution of food stamp coupons. Government-wide policy is provided by OMB's Office of Federal Procurement Policy. Within USDA, the Office of Operations provides oversight for departmental procurement and contracting functions. The National Finance Center performs the accounting and payment functions for most agency procurements.

AUDIT

Our strategy covers all aspects of USDA's procurement operations: acquisition management and planning, identification of requirements, solicitation and selection of sources, contract awards, contract funding, and contract performance and administration.

During FY 1997, we performed audits of approximately 30 contracts to assist USDA contracting officers in the negotiation, administration, and settlement of USDA contracts and subcontracts. We also conducted one legislatively mandated review. The review, required by OMB Circular A-131, was on value engineering. Value engineering is a concept for using new and better ways to provide a service or accomplish a needed task. The savings resulting from the implementation of value engineering are to be reported annually to OMB and the U.S. Congress. Our audit determined how well the Department identified potential value engineering opportunities and whether the results were accurately monitored and reported.

In FY 1997, we continued to review the Department's progress in implementing the recommendations of the USDA Procurement Review Task Force. We focused on the Commercial Credit Card and Third Party Draft procurement systems and participated in the issuance of a PCIE audit report on the Governmentwide Commercial Credit Card System. USDA took the lead in developing and issuing the report. We also performed a review of the misuse of American Express Government charge cards by USDA employees.

In FY 1998, we will be performing audits of contracting procedures and management controls over contracting personnel and reporting. We will also be conducting surveys of procurement activities for the National School Lunch Program to ensure compliance with the program. We plan to complete work that covers the implementation of the third party draft system for simplified procurement. As an example, in FY 1998, we will evaluate internal controls and accountability over the use of the third party drafts at the Forest Service.

CONSUMER PROTECTION

Consumer protection activities within the Department include those activities designed to ensure that the food the consumer eats is safe and properly labeled and graded, and the Nation's plant and animal resources are safeguarded. These activities are performed by the Food Safety and Inspection Service (FSIS); Agricultural Marketing Service (AMS); Animal and Plant Health Inspection Service (APHIS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA). The activities include inspecting all domestic establishments that prepare meat and poultry products for sale or distribution; reviewing foreign inspection systems and establishments; inspecting and quarantining animals and plants at U.S. ports-of-entry; controlling agricultural losses caused by predatory animals; developing standards for licensing and testing veterinary biologics; establishing grading standards for eggs, tobacco, livestock, dairy products, poultry, fruits, vegetables, and grain; and performing weighing and inspection services to ensure the standards are met. The public depends on these agencies to ensure a safe food supply; farmers depend upon these agencies to protect agricultural resources and maintain consumer confidence in the market for their products.

AUDIT

Food safety and quality issues have received considerable attention over the last few years. In addition, increased foreign trade has become a key economic objective. Our strategy is to assess management control systems which ensure that the Department is effectively protecting both the consumer and the agricultural resources of the Nation. Our strategy focuses on the intensified activities in food safety to identify and implement new meat, poultry, and egg inspection technologies.

Our FY 1997 plan included a review of the ongoing implementation of changes to the meat and poultry inspection system in FSIS, as well as an audit of the imported meat process and review of user fees in the Export Inspection Program. We also reviewed administrative aspects of the activities of Cotton Incorporated and the AMS cotton classing (grading) process, as well as AMS dairy processing plants' inspection activities.

In addition, we continued to work with AMS to assess the Research and Promotion Program controls and oversight of check-off funds. More recently we have undertaken an audit of the National Fluid Milk Processor Research and Promotion Program.

In regard to APHIS, our audits included the agency's oversight and licensing of exotic animals under the Animal Welfare Act, review of the controls and use of hazardous materials in the Animal Damage Control Program, and review of Karnal Bunt compensation payments.

During the period we also conducted a study to assess GIPSA's investigative techniques and enforcement of anticompetitive practices in the meat industry.

For 1998, we will continue to follow up on our previous audits of APHIS' oversight of the Animal Welfare Act, with emphasis on marine mammals. We will also conduct work to review APHIS' International Services. In FSIS we will continue our efforts in assessing the steps that the agency is taking to reorganize and overhaul the meat and poultry inspection system. We will also continue to monitor the implementation of the Hazard Analysis and Critical Control Points (HACCP) regulation as well as the status of FSIS' Sanitation Standard Operating Procedure. We also plan to follow up on our previous audit of FSIS' Federal/State Cooperative Agreements (State Inspection Program).

INVESTIGATIONS

Investigations into threats to the health and safety of the public remain our highest priority. When threats to public health are identified, such as through allegations of tampering with products regulated by the Department, we immediately begin work as part of a team of agencies to determine the extent of the problem, identify its cause, take corrective action, and seek criminal prosecution, if appropriate.

We coordinate continually with other agencies to guard against deliberate criminal acts that endanger public health and safety or cause economic harm to the public through misrepresentation of the quality of agricultural products. To carry out this function, we maintain formal agreements with AMS, FSIS, GIPSA, and APHIS, as well as the regulatory division of the Office of the General Counsel.

Food and Consumer Products

We continue to be concerned both about health and safety cases (i.e., those involving potential sale or movement in interstate commerce of uninspected or adulterated products) and about economic impact cases (i.e., those involving potentially mislabeled, misrepresented, or substandard products offered for sale or moving in interstate commerce.) Our commitment of investigative resources to these types of investigations (AMS and FSIS combined) is expected to be about 9 percent in FY 1998.

We will work closely with FSIS concerning the implementation of the new food safety regulations.

Animal and Plant Health Protection

We expect the percentage of staff workdays allocated to APHIS investigations to be 3 percent in FY 1998.

RISK MANAGEMENT

The risk management strategy encompasses a variety of Federal Crop Insurance Corporation (FCIC) programs administered by the Risk Management Agency (RMA). FCIC receives funds from four main sources: capital stock subscriptions from the U.S. Treasury, premium income from producers purchasing insurance policies, administrative fees paid by producers purchasing catastrophic risk protection, and appropriations for Federal premium subsidies and operating expenses. The principal activities of RMA/FCIC included in this strategy are the administration and management of the various crop insurance programs established by the U.S. Congress. These programs make crop insurance available to producers either directly through RMA or through private companies that RMA "reinsures." RMA's programs are estimated at \$1.9 billion in premiums (\$1 billion of which is in the form of premium subsidy), \$26.7 billion of insurance in force, \$2.1 billion in indemnities, \$202.5 million in sales commissions to agents, \$257 million in delivery expenses, and \$68.4 million in administrative and operating expenses for FY 1998.

AUDIT

Our strategy is designed to ensure overall program integrity, prevent and detect program/insurance losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on crop insurance programs is needed because of the significance of prior audit findings, the expansion (i.e., new types of insurance) and revision of major insurance programs, the reliance placed upon FCIC by the U.S. Congress to be the "safety net" for American farmers, the departmental reorganization, and the Fair Act.

Our FY 1997 audits continued to find problems with RMA administration of the FCIC programs in the areas of crop loss claims (preparation and adjusting), implementation of new and pilot programs, producers underreporting of production, and weaknesses in the insurance contract for a particular commodity.

Among the major audits of RMA planned for FY 1998 are audits or evaluations of (1) insurance policies covering specialty crops (i.e. citrus, peppers, and potatoes) and the indemnification process for these crops, (2) indemnity payments under revenue insurance programs, (3) reinsured companies' servicing of catastrophic insurance policies, (4) RMA's controls to prevent and detect conflicts of interest within reinsured companies, and (5) the optional units policy and its cost to the

insurance program. In addition, we will be completing our national audit work of the 1995 and 1996 crop year large claims, crop insurance for nurseries, and reporting requirements of the Standard Reinsurance Agreement.

INVESTIGATIONS

Our investigative strategy in Risk Management is to investigate apparent fraud involving Federal crop insurance programs and to continue working closely with the risk compliance division to ensure the timely referral of matters of interest and to strengthen the effectiveness of the compliance unit. We anticipate devoting 5 percent of our investigative resources to this program area in FY 1998.

ACCOUNTING AND FINANCIAL MANAGEMENT

The Chief Financial Officers (CFO) Act of 1990 designated USDA as part of the pilot program to prepare and audit financial statements beginning with the FY 1990 statements. The Government Management Reform Act of 1994 further defined the CFO Act requirements for agencies to submit audited financial statements to OMB. Financial statements are now being prepared each year covering all departmental activities, including all revolving and trust funds and programs that perform substantial commercial functions.

In its FY 1996 financial statements, the Department reported assets of over \$135 billion and total liabilities of over \$100 billion. Six departmental agencies accounted for more than 98 percent of each of those totals. Other account balances in the FY 1996 financial statements included \$75 billion in net loans receivable, \$87 billion in long-term debt owed by USDA, and over \$7.7 billion in interest expenses. The central accounting system and six other financial management systems in the Department provided accounting controls over all transactions processed in USDA. These systems also provide financial reports to agency managers as well as to nondepartmental entities. The systems are maintained on large-scale computers at either the National Information Technology Center or the National Finance Center (NFC).

AUDIT

Our audit strategy encompasses the Department's financial statements, as well as departmental cash management and debt collection, financial management systems, and the responsibilities of the Office of Chief Financial Officer (OCFO). OCFO provides leadership, expertise, coordination, and evaluation in the development of departmental and agency programs in financial management, accounting, Federal assistance, and performance measurements. OCFO also provides, through NFC, central accounting and administrative services for 32 USDA agencies and other Federal departments and agencies/bureaus outside USDA.

In FY 1997, we performed audits or provided oversight of audits of the FY 1996 financial statements for CCC, FCIC, FCS, and the Rural Development mission area, including the Rural Utility Service (RUS) and the Rural Telephone Bank (RTB). We audited NFC's general controls, USDA's working capital fund, FS' working capital

fund for computer services, USDA's debt collection efforts, the quality of audits on RUS electric and telephone borrowers performed by non-Federal auditors, and the accuracy of claim collections reported by FCS. We also monitored the USDA Financial Information System Vision and Strategy (FISVIS) and assisted the FS in an ongoing effort to improve data quality and financial management controls.

In FY 1998, we plan to audit the FY 1997 financial statements for CCC; FCIC; FCS; FS; AARCC; Rural Development agencies, including RUS, RHS, and RTB; and the consolidated USDA financial statements. We also plan audits of the USDA working capital fund financial statements for FY 1997, NFC's payroll operations, and FS' cost recovery on reimbursable agreements. Several surveys are planned, such as a review of controls over AMS administrative account carryover funds; controls over workers' compensation costs; and NFC payroll and administrative payments output reports. In addition, we will continue to monitor FISVIS; review USDA's compliance with the Debt Collection Improvement Act; audit NFC's general controls; and perform assist work towards monitoring and achieving financial improvement initiatives within FS.

Our efforts to work with and provide technical assistance to the Department in the area of accounting and financial management will continue into FY 1998. OIG is a member of the USDA Accounting Policy and Financial Statements Coordinating Committee; through this committee we provide our views and technical assistance to the working groups. We also meet with work teams, task forces, and review boards to deal with subjects on cash management, cost accounting, credit reform, and USDA's FISVIS. We strive to become partners with OCFO in order to improve operations. We coordinate with OCFO on general control reviews and system audits, training, and the resolution of issues with OMB.

INFORMATION RESOURCES MANAGEMENT

Information resources management (IRM), with annual expenditures of over \$1 billion, is critical to the delivery of USDA's programs. The past several years have witnessed dramatic changes in the way USDA manages its information resources with legislative and programmatic changes, including the Information Technology and Management Reform Act (known as the Clinger-Cohen bill), the Fair Act, welfare reform, and the departmental reorganization and streamlining. The responsibility and accountability for IRM has shifted largely from the individual agencies to the Chief Information Officer (CIO). The CIO, who reports directly to the Secretary and is independent of any other office or agency, has primary responsibility, under Clinger-Cohen, for supervision and coordination within USDA of the design, acquisition, maintenance, use, and disposal of information technology (IT) by USDA agencies, and for monitoring the performance of USDA's IT programs and activities.

Recent developments in USDA initiated by the Office of the Chief Information Officer (OCIO) include the establishment of a Departmental Information Systems Technology Architecture and an Executive Information Technology Investment Review Board to ensure that IT decisions are controlled at the highest policy level in USDA and prioritized according to business needs, as required by Clinger-Cohen. OCIO is also responsible for managing the USDA-wide moratorium on IT investments, primarily through the review and approval of waiver requests from the agencies. The ability of OCIO to provide adequate oversight to the acquisition and management of information resources has become increasingly tested by the loss of critical personnel, and their corresponding institutional and technical knowledge, through departmental reorganization and downsizing. It has become increasingly critical for OIG to monitor OCIO and its oversight over information resources acquisition and management, as well as individual agency information systems, to identify and prevent the waste and potential misuse of information resources.

The major USDA mainframe processing facilities are located in OCIO's National Information Technology Center (NITC) in Kansas City, Missouri, with a satellite operation in Fort Collins, Colorado; and in NFC in New Orleans, Louisiana. NITC provides departmentwide processing, storage, telecommunications, and applications development services. NFC operates centralized accounting, payroll/personnel, and administrative payment systems for USDA and more than 40 other Federal departments and agencies.

Of current major significance in USDA are

- the Field Service Center Implementation project, a major effort to establish "one-stop" shopping in field offices by reorganizing programs and merging the goals and objectives of the InfoShare Program, including procurement of IT resources, for the farm, natural resources, and rural development agencies;
- Modernization of Administrative Processes (MAP), a program to develop and implement modern administrative processes used to manage the money, personnel, property, and information resources entrusted to USDA;
- Financial Information System Vision and Strategy (FISVIS), an effort to implement more efficient and effective financial management systems throughout USDA with the primary project being the implementation of the Foundation Financial Information System at NFC;
- Year 2000 crisis involving the identification, conversion, and testing of all affected information systems and technologies that operate using a two-digit year field;
- departmentwide telecommunications planning for VOICE/LAN/WAN services throughout all USDA offices;
- Project 615 (Forest Service) and the Integrated Systems Acquisition Project (APHIS) which are major procurements to replace and upgrade IT hardware and software;
- capital planning and budgeting;
- acquisition, management, and security over telecommunications, local and wide area networks, and the Internet;
- data sharing, administration, and management;
- IRM security; and
- various other agency efforts to replace or upgrade automated systems and capabilities.

The major issues surrounding USDA's IRM activities continue to be the integrity of the planning and acquisition processes for these automated resources, the adequacy of security and control over IRM systems and resources, and the lack of integration of many disparate systems. This last issue raises concerns in the areas of telecommunications, the compatibility of hardware and software being acquired, and data sharing and administration.

AUDIT

This strategy highlights USDA's significant investment in automated resources, the importance of careful planning to ensure that the resources acquired are needed and prudently obtained, and the importance of designing and implementing effective security and control measures.

In FY 1997, we completed audits of the general controls including selected aspects of automated data processing security and controls at both NITC and NFC. We initiated a USDA-wide review of progress made to address the Year 2000 crisis. We also continued our monitoring of MAP, FISVIS initiatives, Rural Development's Dedicated Loan Origination and Servicing system (DLOS), and the Field Service Center Implementation initiative.

In FY 1998, we will continue to monitor and report our concerns with the Year 2000, Field Service Center Implementation, MAP, DLOS, and FISVIS projects. We will review security, control, and management of a variety of automation activities, such as systems development and enhancements, systems modification, application control and testing, and backup and recovery operations in FSA, Rural Development, NASS, FCS, FS, and OCFO/NFC. Also planned are audits of the general controls and payroll operations systems at NFC, general controls at NITC, management and control of software at selected agencies, and security and control of sensitive systems.

RURAL DEVELOPMENT

The Rural Development strategy addresses three agencies, including the Rural Housing Service (RHS), the Rural Business-Cooperative Service (RBS), and the Rural Utilities Service (RUS). Rural Development's mission is to forge new partnerships with rural communities, fund projects, and provide technical assistance to help create quality jobs, services, housing, and utilities. Rural Development's direct and guaranteed loan portfolios totaled approximately \$72 billion and \$4.9 billion, respectively, as of September 30, 1996.

Three major loan programs in USDA are located in Rural Development. RHS provides credit assistance through direct and guaranteed loans for housing programs (single and multifamily), and to build or improve other types of essential public-use facilities, such as health care facilities, fire stations, and police stations. RBS funds projects that create or preserve jobs and promote a clean rural environment. RBS funds are leveraged with those of other public and private source lenders to meet business and credit needs in under-served areas. RUS makes direct and guaranteed loans to nonprofit and cooperative associations for the purpose of financing construction of distribution lines and systems in rural areas for electric, telecommunications, and water and waste facilities.

RUS awards grants to schools, libraries, hospitals, and medical facilities, for distance learning and telemedicine and for the improvement and management of water resources and waste disposal systems. RBS, in partnership with private sector and community-based organizations, provides financial assistance and business planning and RHS provides housing subsidies to low- and moderate-income rural families in the form of rental assistance.

AUDIT

In FY 1997, OIG continued to focus audit resources on the areas and programs with a history of problems in management controls and delivery of services. The audit of Rural Rental Housing (RRH) tenant income verification will include a review of procedures for certifying tenant household income. Our assessment of RRH rehabilitation loans will identify projects that may need rehabilitation in the short run, evaluate the extent of deterioration in projects, and evaluate the agency's plan for corrective action to ensure adequate and affordable housing for rural areas.

As part of an evaluation of RBS' Business and Industry Loan Program, we are assessing the financial statement analyses done by the lenders. The primary objective is to determine whether potential problem borrowers can be identified before the financial condition has deteriorated to the point of jeopardizing loan repayment ability.

In FY 1997, OIG received several Hotline complaints which involved Empowerment Zones and Enterprise Communities. We are coordinating with the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development to ensure a consistent, Governmentwide approach to the financial management and performance issues we expect to find during our reviews.

The FY 1997 RUS coverage included reviews of the eligibility of water and waste loans and water and waste borrower operations.

In prioritizing audit work for FY 1998, we have incorporated coverage to monitor the effects of major shifts in program policy, large dollar increases in appropriations and program levels, and new programs. The FAIR Act and various 1997 changes in the U.S. Code of Federal Regulations provided the stimuli for many of the audit areas in the FY 1998 plan.

A major FY 1998 initiative will be a joint effort by Audit and Investigations to assess the financial integrity, safety, and health of RRH projects. In FY 1996, regulations were revised to impose criminal penalties for misuse of RRH project funds. Our joint effort will test the effectiveness of the new legislation as a deterrent against unauthorized use of project funds.

RUS' Distance Learning and Telemedicine Loan Program will be assessed during FY 1998. Since the demand for distance learning and telemedicine systems has far exceeded the available funding, RUS must target assistance to institutions in the most needy areas. We will review how RUS is administering and monitoring this program and make recommendations to support the agency in maximizing the impact of limited funds. Also in FY 1998, we will review water and wastewater grants in Alaska and assess the extent to which electric loan borrowers are investing in rural development.

INVESTIGATIONS

We continue to investigate allegations of fraud in RHS' Rural Housing (RH) and RRH Programs. RH fraud typically involves the borrower's failure to accurately report household income, or composition, or both. RRH fraud investigations primarily involve housing project managers' theft or misuse of reserve accounts, falsification of records of tenants or occupancy, and "layering" of management functions and costs in order to siphon off money without justification and for personal gain.

In 1996 equity skimming became a violation under the Housing Act of 1949. As a result of this legislation, which made it a felony to misuse RRH project funds, we plan to increase our FY 1998 investigative workdays devoted to these programs to 8 percent.

MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS

This strategy brings together a wide range of agency programs and operations under a general concern for the protection of the environment and the abatement of any environmental hazards that result from practices in agriculture and forestry. Agricultural production is considered to be a major contributor to the Nation's pollution problems. The Department has adopted a comprehensive policy that guides efforts for correcting these problems and reducing future environmental damage from farming and forestry. It is estimated that in FY 1998 USDA appropriations for environmental activities covered by this strategy will exceed \$220 million.

Agencies of the Federal Government are required to identify and remedy their noncompliance with Federal, State, and local standards for environmental quality. Noncompliance could include pollution from noise, pesticides, chemicals, and toxic and radioactive wastes. USDA operates over 21,000 buildings at more than 15,000 locations and controls nearly 193 million acres of land. Violations of Federal or State standards at Government-owned or -operated facilities subject agencies to legal and administrative actions which may result in the criminal prosecution of Federal employees, the loss of program funds, or delayed projects.

USDA works with the U.S. Environmental Protection Agency to schedule problem areas for remedial action. These plans are coordinated and presented as a single funding item under the budget for departmental administration. Major areas of funding are associated with actions to prevent and remedy environmental damage from active and abandoned mines on the public lands that are under the stewardship of USDA.

AUDIT

Our strategy is to review the Department's implementation of the Federal Facilities Compliance Act, evaluate agency efforts to discover new and improved technologies that reduce environmental pollution and hazardous waste, and assess the impact on the environment of major programs designed to assist the agricultural and forestry communities.

In FY 1997, we completed our review of the Department's compliance with Federal, State, and local environmental and safety regulations regarding the management and disposal of hazardous biological materials at USDA facilities. We reported that policy and guidance was deficient and controls and oversight lacking. We continued a review of radiological waste management and disposal and initiated a survey on agency liabilities from the acquisition and disposal of lands with environmental hazards.

In 1998, we will resume our departmentwide review of crosscutting issues and programs related to the use of agricultural chemicals and pollution. In addition, we will report on radioactive materials management and complete a survey of environmental liabilities associated with the acquisition and disposal of land by USDA agencies.

PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

The Program Compliance, Economy, and Efficiency strategy incorporates all programs and activities not included in other strategic areas. It includes special requests; audit followup; single audits of States, local governments and non-profit organizations; and the quality of audits performed by non-Federal auditors.

AUDIT

During any year, issues develop which we cannot anticipate during the planning process. These issues usually develop from Secretarial, agency, congressional, or OIG concerns regarding fraud, waste, or abuse. In order to respond to these concerns, OIG reserves time for any unanticipated requests.

We also set aside time in our plan to monitor the management decisions made for audit recommendations presented in our audit reports. The purpose of management decisions is to ensure that we and the auditee agree on the actions to be taken to correct deficiencies. Once we agree with the management decision, management is responsible for implementing final actions. Final actions are monitored and tracked by OCFO.

Our FY 1998 plan includes time for ensuring the quality of audits performed by non-Federal auditors in accordance with OMB Circular A-133, as well as those submitted to USDA agencies under program-specific requirements. When substandard audit work is identified, we refer the independent auditor to the State Board of Licensing Authorities and the American Institute of Certified Public Accountants.

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APPENDIX II

MAJOR AUDITS PLANNED FOR FISCAL YEAR 1998

Below are brief descriptions of major audits and initiatives planned for FY 1998. A complete listing of audits planned for the upcoming year is provided in appendix III.

NATURAL RESOURCES AND ENVIRONMENT
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Forest Service (FS)

- | | |
|----------------------|--|
| TITLE: | Timber Sale Analysis Requirements |
| OBJECTIVE(S): | Determine if requirements for environmental analyses are being adhered to by FS in conducting their Timber Sale Program. |
| TITLE: | Monitoring Financial Systems and Procedures |
| OBJECTIVE(S): | Perform consulting and monitoring reviews of financial health improvement initiatives within FS. Objectives of the financial health initiatives are to resolve longstanding deficiencies in accounting systems, controls, procedures, and data quality to enable FS to receive an unqualified audit opinion on its financial statements. |
| TITLE: | FY 1997 FS Financial Statements
FY 1998 FS Financial Statements |
| OBJECTIVE(S): | Determine if FS' financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and FS complies with applicable laws and regulations. |
| TITLE: | Land Exchanges - Pacific Southwest Region |
| OBJECTIVE(S): | Determine if land exchanges complied with FS regulations and met the priorities of the Land Adjustment Program. |

TITLE: Airtanker Contracting Procedures

OBJECTIVE(S): Determine if prior audit recommendations have been implemented and if contracting procedures are ensuring cost effective support of the FS fire suppression efforts.

TITLE: Grants to Nonprofit Organizations

OBJECTIVE(S): Determine if grants to nonprofit organizations are adhering to standard grant administration procedures and if the advance of funds by FS to nonprofit organizations conforms to OMB and departmental requirements.

Natural Resources Conservation Service (NRCS)

TITLE: Monitoring of Lake Apopka Cleanup

OBJECTIVE(S): Monitor and review NRCS activities in cleanup of Lake Apopka, Florida. Ensure that the State is fulfilling its obligations and plans, and procedures are in place to determine the need for properties purchased and related benefits.

TITLE: NRCS Cooperative Agreements

OBJECTIVE(S): Determine if NRCS' 1994-1996 use of cooperative agreements complies with Federal grant and cooperative agreement requirements regarding the use of advisory and assistance services.

TITLE: Wetland Reserve Program Accomplishments

OBJECTIVE(S): Determine whether program objectives have been achieved to the fullest extent including an assessment as to the eligibility of enrolled land, the accuracy of the land eligibility category, and whether expected environmental benefits have been realized.

TITLE: Emergency Watershed Protection Program

OBJECTIVE(S): Determine the propriety of eligibility determinations, emergency classifications, and payment of the 25 percent cost share.

TITLE: Environmental Quality Incentives Program (EQIP)

OBJECTIVE(S): Evaluate the development and implementation of the EQIP designation of State priority areas, program funding, and ranking and approving requests for contracts.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency (FSA)

TITLE: FY 1997 CCC Financial Statements
FY 1998 CCC Financial Statements

OBJECTIVE(S): Determine if CCC's financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and CCC complies with applicable laws and regulations.

TITLE: Upland Cotton User Certificate Program Payments

OBJECTIVE(S): Determine if adequate management controls are in place to prevent improper payments on ineligible (domestic and foreign) cotton and to ineligible participants. Emphasis will be placed on exporter payments issued under the revised payment ratesetting process.

TITLE: Emergency Conservation Program

OBJECTIVE(S): Determine whether FSA has designed program controls to ensure that the program funds are expended to maximize the assistance to producers rehabilitating farmland, restoring permanent fencing, and building conservation structures damaged or destroyed by natural disasters.

TITLE: Farm Credit Program Direct Loanmaking and Servicing Actions

OBJECTIVE(S): Evaluate the implementation of provisions of the FAIR Act as applicable to borrower eligibility and debt forgiveness, with emphasis on debt settlement actions, cash-flow margins, loan purposes and use of funds, valuation of security property for net recovery payments, and FSA employees' and County Committee members' accounts.

TITLE: Farm Credit Program Guaranteed Loans

OBJECTIVE(S): Determine the extent that farm credit guaranteed loans are provided to FSA borrowers as opposed to lenders providing financing to existing borrowers.

TITLE: Noninsured Crop Disaster Assistance Program Payments for 1997 Crop Losses

OBJECTIVE(S): Determine whether program payments were correctly determined and whether producers correctly reported disaster loss information used to compute Noninsurance Assistance Program payments.

TITLE: Debt Collection By Administrative Offset

OBJECTIVE(S): Determine if debts due CCC have been properly collected by administrative offset from amounts payable by CCC. Prior audit followup disclosed weaknesses in debt management and collection activities.

Foreign Agricultural Service (FAS)

TITLE: Domestic Export Outreach Offices

OBJECTIVE(S): Assess FAS domestic outreach activities and determine if producers, exporters, and other customer information needs are being met.

TITLE: Operations of Agricultural Trade Offices

OBJECTIVE(S): Survey agricultural trade offices and USDA-supported trade shows to identify areas for future audit coverage. The survey will include a review of staffing, program costs, accomplishment of program objectives, and FAS oversight and control of the activities.

TITLE: GSM 102/103-Transactions Involving Intervening Purchasers

OBJECTIVE(S): Review the effectiveness of the alternative controls FAS established in May 1996 when the commodity pricing reviews were eliminated, and the controls used by FAS when guaranteed sales involve intervening purchasers.

TITLE: GSM Export Credit Guarantees of Export to Mexico

OBJECTIVE(S): Determine if credit guarantees were properly used for exports to Mexico.

Risk Management Agency (RMA)

TITLE: Crop Insurance Program (Specialty Crops)

OBJECTIVE(S): Determine if RMA effectively ensured the integrity of the Crop Insurance Program as related to citrus, peppers, and potatoes in Florida. Verify the propriety of indemnities paid in 1996.

TITLE: FY 1997 FCIC Financial Statements
FY 1998 FCIC Financial Statements

OBJECTIVE(S): Determine if FCIC's financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and FCIC complies with laws and regulations.

TITLE: Revenue Insurance Claims

OBJECTIVE(S): Evaluate the propriety of indemnities paid for losses claimed under alternative insurance programs (i.e., Crop Revenue Coverage, Revenue Assistance, Income Protection, etc.). Our primary focus will be on the revenue portion of the claim since revenue indemnities are a new area. Prior audit indicated that loss adjustment procedures may not have been developed or implemented by reinsured companies timely for revenue insurance products.

TITLE: CAT Insurance Policy Servicing

OBJECTIVE(S): Determine if reinsured companies and their agents adequately service transferred 1998 CAT policies. Our survey results indicated the companies/agents may not provide effective servicing, especially for limited resource producers. Determine if previous recommendations were addressed during the 1998 transfer process.

TITLE: Conflicts of Interest at Reinsured Companies

OBJECTIVE(S): Determine if selected reinsured companies and RMA have adequate controls in place to detect potential conflicts of interest and prevent misappropriation of Federal Crop Insurance Program funds by employees, contractors, and/or agents of reinsured companies who have close professional or family ties with each other. Test applicable company and RMA controls for the 1996 and 1997 reinsurance years.

TITLE: Optional Units

OBJECTIVE(S): Determine whether calendar year 1997 buy-up insureds with optional units maintain adequate records to justify having optional units. Our scope would be insureds with more than a set number of units based on data base analysis for the optimum number to use (i.e., 5, 6, 10, etc.) as the average is a little over 2 units per crop policy. This survey will also include an assessment of the increased cost to FCIC because of optional unit policy.

RURAL DEVELOPMENT

TITLE: FY 1997 Rural Development Financial Statements
FY 1998 Rural Development Financial Statements

OBJECTIVE(S): Determine if Rural Development's consolidated financial statements are prepared fairly in accordance with applicable accounting principles, internal accounting controls are adequate, and Rural Development complies with applicable laws and regulations.

Rural Utilities Service (RUS)

TITLE: FY 1997 Rural Telephone Bank Financial Statements
FY 1998 Rural Telephone Bank Financial Statements

OBJECTIVE(S): Determine if the Rural Telephone Bank's (RTB) financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and RTB complies with laws and regulations.

TITLE: Electric Generation and Distribution Borrower Investments

OBJECTIVE(S): Assess the propriety and the extent of electric borrower investment in rural development.

TITLE: Distance Learning and Telemedicine Loan Program

OBJECTIVE(S): Review the overall effectiveness of the program in meeting its objectives. Evaluate the process used to award loans to ensure that areas with the greatest need are receiving priority.

Rural Housing Service (RHS)

TITLE: RRH - Nationwide Initiative To Address Financial Integrity, Safety, and Health

OBJECTIVE(S): Through a joint effort with RHS and OIG, identify RRH multi-family housing owners, agents, and managers who convert project assets to personal use while allowing threats to tenant health and safety. Work closely with U.S. attorneys to achieve the concurrent goals of ensuring program integrity and imposing criminal sanctions and replacing owners and agents that misuse the program.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Consumer Service (FCS)

TITLE: FSP - Contract With Private Vendors for On-Site Retailer Visits

OBJECTIVE(S): Determine if FCS' contracting for private vendors to conduct on-site retailer visits is accomplishing the desired results.

TITLE: NSLP - Meal Accountability and Claims

OBJECTIVE(S): Evaluate (1) controls over the administration of the NSLP, (2) procedures for and accuracy of collections and accounting for reimbursed meals, (3) whether interest income from lunch funds is credited to the NSLP account, and (4) the adequacy of FCS and State agency reviews of meal counts, claims, and eligibility determinations.

TITLE: Redemption Certificate Processing Followup by Financial Institutions

OBJECTIVE(S): Evaluate the extent and effectiveness of the corrective actions taken by FCS based on our review.

TITLE: Continued Monitoring of EBT System Development

OBJECTIVE(S): Monitor continued development and implementation of EBT technology in the Food Stamp and WIC Programs.

TITLE: FCS FY 1997 Financial Statements
FCS FY 1998 Financial Statements

OBJECTIVE(S): Determine if FCS financial statements are prepared fairly in accordance with prescribed accounting policies; internal accounting controls are adequate, and FCS complies with applicable laws and regulations.

TITLE: Evaluation of NYC's FSP ADP System

OBJECTIVE(S): Evaluate the existence and adequacy of controls in the New York City Food Stamp Program computer system.

TITLE: Food Stamp Program Administrative Costs - New York

OBJECTIVE(S): Evaluate the propriety of FY 1997 administrative costs. New York ranks third nationwide, and first in the Northeast Region. Also, over 60 percent of the costs relate to New York City.

TITLE: Food Stamp Stores Sweep

OBJECTIVE(S): Determine if stores that participate in the FSP are eligible based on the food items in their store.

TITLE: National Initiative to Identify Sponsor Abuses - CACFP

OBJECTIVE(S): Continue our national initiative of identifying and taking action against sponsors who are seriously deficient in administering the CACFP.

TITLE: WIC Program in the Southwest Region

OBJECTIVE(S): Review operations in each State in the southwest region and focus on problem areas unique to the State.

FOOD SAFETY

Food Safety and Inspection Service (FSIS)

TITLE: Implementation of the New HACCP Regulations

OBJECTIVE(S): Evaluate FSIS' continuing efforts to implement new HACCP regulations. (In July 1996 FSIS issued regulations to transform the 89-year old organoleptic method to a scientific risk-based method of pathogen reduction.) On January 1997, FSIS began implementation of the Pathogen Reduction and HACCP final rule.

- TITLE:** Sanitation Standards Operating Procedures
- OBJECTIVE(S):** Review the implementation of the Sanitation Standard Operating Procedures (SSOP) (effective January 1997). Meat and poultry slaughter/processing plants are required to develop, prepare, and implement plant-specific SSOP for sanitation. The SSOP represents the cornerstone of the HACCP concept. Evaluate SSOP and FSIS review procedures, oversight, and enforcement activities. Test the internal control systems.
- TITLE:** Federal/State Cooperative Agreements
- OBJECTIVE(S):** Assess FSIS oversight and control activities. Determine whether deficiencies identified in a prior audit have been resolved. Through agreements with FSIS, 29 States perform inspections at over 4,000 slaughter and processing plants. The prior audit found that the inspections under these agreements did not always match the level of the FSIS inspections.
- TITLE:** Imported Meat Inspection Process
- OBJECTIVE(S):** Evaluate the effect of FSIS reorganization on the imported meat and poultry inspection process. Assess the implementation of HACCP requirements to include the control systems and viability of FSIS' automated tracking system (identification of violations/status of certification).

RESEARCH, EDUCATION, AND ECONOMICS

Alternative Agricultural Research and Commercialization Center

- TITLE:** FY 1997 AARCC Financial Statements
FY 1998 AARCC Financial Statements
- OBJECTIVE(S):** Determine if AARCC's financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and AARCC complies with applicable laws and regulations.

Agricultural Research Service (ARS)

TITLE: Federal Technology Transfer Program

OBJECTIVE(S): Conduct a survey to become familiar with the program and methods used to develop and market the results of USDA research. Determine how proceeds from patents, licensing, and agreements are used to advance USDA research priorities.

Cooperative State Research, Education, and Extension Service (CSREES)

TITLE: Use Of CSREES Grant Funds

OBJECTIVE(S): Identify and assess controls over the use of CSREES' cooperative grant funds and the propriety and efficiency of the delivery systems in order to determine the risk to agency goals and objectives from this funding mechanism.

National Agricultural Statistics Service (NASS)

TITLE: Security of NASS Statistical Forecasting Data

OBJECTIVE(S): Determine whether security safeguards are adequate over sensitive statistical forecasting data. Test physical security measures and database access controls.

MARKETING AND REGULATORY PROGRAMS
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Agricultural Marketing Service (AMS)

TITLE: Market News Program

OBJECTIVE(S): Review the sources and accuracy of AMS' market news program data on agricultural statistics in daily, monthly, quarterly, and yearly reports. This will include an assessment of (1) AMS methodologies for obtaining and summarizing agricultural marketing statistics and (2) internal controls to ensure the accuracy and reliability of the reported data.

TITLE: Meat Grading and Certification Branch

OBJECTIVE(S): Evaluate AMS' meat grading procedures and controls. Specifically, determine if graders are making proper determinations, grading certificates are not falsified, and meat sold to the public is the quality it is represented to be.

TITLE: National Pork Research and Promotion Program - Pork Check-Off Funds

OBJECTIVE(S): Review the collection, accountability, distribution, and use of pork producer check-off funds. Determine if AMS maintains adequate controls to provide assurance that pork check-off funds are used in accordance with applicable laws, regulations, and AMS policy and procedures.

Animal and Plant Health Inspection Service (APHIS)

TITLE: Wildlife Services (Animal Damage Control Program)

OBJECTIVE(S): Evaluate APHIS' oversight and controls of the Wildlife Services program. Determine compliance with the Animal Care Act and implementing regulations. Assess the effectiveness of the Denver Wildlife Research Center in the research and development of lethal and nonlethal methods to control animal populations.

TITLE: APHIS International Services

OBJECTIVE(S): Determine how APHIS is meeting the objective of protecting U.S. agricultural interests and in fostering the export of agricultural products. Evaluate the role APHIS personnel play in identifying and eliminating nontariff barriers to agricultural products.

Grain Inspection, Packers and Stockyards Administration (GIPSA)

TITLE: Contract Poultry Growing Arrangements

OBJECTIVE(S): Assess GIPSA's current authority under the Packers and Stockyards Act to oversee and monitor poultry producers' arrangements and GIPSA's efforts to ensure the integrity of the poultry industry. Determine GIPSA's authority to take action against poultry dealers who try to limit competition or infringe on producers' business activities. Review complaints received from contract poultry producers and GIPSA's ability to timely and equitably address and resolve them.

CHIEF FINANCIAL OFFICER

Office of the Chief Financial Officer

TITLE: FY 1997 USDA Working Capital Fund Financial Statements
FY 1998 USDA Working Capital Fund Financial Statements

OBJECTIVE(S): Determine if USDA's Working Capital Fund (WCF) financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and the WCF complies with applicable laws and regulations.

TITLE: System Review of NFC Payroll Operations

OBJECTIVE(S): Conduct a review of the NFC payroll operations systems.

TITLE: NFC General Controls Review - FY 1997
NFC General Controls Review - FY 1998

OBJECTIVE(S): Determine if general controls at the National Finance Center provide reasonable assurance that data is processed properly.

MULTIPLE AGENCY AUDITS

- TITLE:** Coordination of Agricultural Chemicals Issues
- OBJECTIVE(S):** Evaluate the organization and coordination of the various departmental activities and programs directed toward the prevention and abatement of environmental pollution from chemicals used in agricultural production.
- TITLE:** Implementation of the GATT/Uruguay Round
- OBJECTIVE(S):** Identify USDA agency responsibilities for implementing the GATT/Uruguay Round requirements and USDA's participation in the World Trade Organization. The review will offer suggestions for improving processes for handling trade disputes.
- TITLE:** Monitoring of Modernization of Administrative Processes (MAP) Project
- OBJECTIVE(S):** Maintain the monitoring effort on the development of the MAP project and determine if the various initiatives are being effectively developed and carried out.
- TITLE:** Followup Review of Domestic Origin Requirements
- OBJECTIVE(S):** Followup on previous audit recommendations on USDA agency and contractor compliance with domestic origin requirements in USDA/CCC procurements of commodities for domestic and export uses.
- TITLE:** Review of Contract Compliance for FFIS and CORE
- OBJECTIVE(S):** Continue monitoring FISVIS and determine if FFIS and CORE will provide USDA financial systems within a reasonable timeframe and at a reasonable cost.

TITLE: FY 1997 Consolidated Financial Statements - USDA
FY 1998 Consolidated Financial Statements - USDA

OBJECTIVE(S): Determine if USDA's consolidated financial statements are presented fairly in all material aspects in accordance with prescribed accounting policies, including proper elimination of all interagency transactions and proper conversion of all agencies to accrual accounting. Also determine if the Department's internal control structure is adequate, and if USDA complies with laws and regulations in all material aspects for the items reviewed.

TITLE: USDA Enterprise Network and Field Service Center
Implementation (InfoShare)

OBJECTIVE(S): Determine if the partner agencies have identified their long-range computer processing plans to facilitate the effective planning for departmental sharing of information resources. Areas of concentration include IRM, Business Process Reengineering, change management, and concept of operations.

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APPENDIX III

FISCAL YEAR 1998 AUDITS PLANNED

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
AARCC	FISCAL YEAR 1997 AARCC FINANCIAL STATEMENTS	FM	FM	200
	FISCAL YEAR 1998 AARCC FINANCIAL STATEMENTS	FM	FM	50
	AUDIT MANAGEMENT AND LIAISON	ALL		91
	SUBTOTAL 341			
AMS	MARKET NEWS PROGRAM	AT	AT	75
	IMPORTS OF MANUFACTURED TOBACCO PRODUCTS AND OTHER TOBACCOS	AT	AT	50
*	AUDIT GUIDE FOR RESEARCH AND PROMOTION PROGRAMS	CH	CH	50
	MONITORING MILK MARKETING ORDER REFORM	CH	CH	25
	MEAT GRADING AND CERTIFICATION BRANCH	CH	CH	75
	NATIONAL PORK RESEARCH AND PROMOTION PROGRAM - PORK CHECK-OFF FUNDS	KC	KC	75
	FOLLOWUP ON COMPLIANCE PLANS OF MARKET ORDERS	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		164
	SUBTOTAL 614			
APHIS	PLANT INSPECTION FOR IMPORTS	AT	AT	50
*	USDA'S EFFORTS TO PROTECT MARINE MAMMALS	AT	AT	75
	COMPLIANCE WITH INSPECTION AND QUARANTINE REQUIREMENTS - O'HARE AIRPORT	CH	CH	50
	CONTROLS OVER OVERTIME - JOHN F. KENNEDY AIRPORT	HY	HY	50
	WILDLIFE SERVICES (ANIMAL DAMAGE CONTROL PROGRAM)	SF	SF	100
	APHIS INTERNATIONAL SERVICES	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		155
	SUBTOTAL 580			
ARS	RESEARCH LABORATORIES	AT	AT	125
	FEDERAL TECHNOLOGY TRANSFER PROGRAM	AT	AT	150
	AUDIT MANAGEMENT AND LIAISON	ALL		100
	SUBTOTAL 375			
CSREES	USE OF CSREES GRANT FUNDS	TE	TE	100
	USE OF CSREES GRANT FUNDS BY LANGSTON UNIVERSITY, LANGSTON, OK	TE	TE	25
	AUDIT MANAGEMENT AND LIAISON	ALL		46
	SUBTOTAL 171			
FAS	DOMESTIC EXPORT OUTREACH OFFICES	AT	AT	50
	OPERATION OF AGRICULTURAL TRADE OFFICES	AT	AT	25
*	PVO USE OF ADMINISTRATIVE FUNDS	AT	AT	150
	SANITARY AND PHYTOSANITARY TRADE POLICY TEAM	AT	AT	50
	DAIRY EXPORT INCENTIVE PROGRAM	CH	CH	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FAS	GSM 102/103 - TRANSACTIONS INVOLVING INTERVENING PURCHASERS	HY	HY	100
	* GSM EXPORT CREDIT GUARANTEES OF EXPORT TO MEXICO	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		210
	SUBTOTAL 785			
FCS	FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM	AT	AT/HY TE	350
	* THE COORDINATED REVIEW EFFORT - NSLP	AT	AT	125
	FOOD SERVICE MANAGEMENT COMPANIES	AT	AT	100
	ADEQUACY OF CORRECTIVE ACTIONS ON RETAILER MONITORING EFFORTS	CH	CH	25
	FOOD STAMP PROGRAM - CONTRACT WITH PRIVATE VENDORS FOR ON-SITE RETAILER VISITS	CH	CH	50
	CACFP - APPROVAL PROCESS FOR TWO-TIER MEAL REIMBURSEMENT RATES	CH	CH	100
	MANAGEMENT OF FOOD STAMP PROGRAM CLAIMS	CH	CH	100
	NSLP - MEAL ACCOUNTABILITY AND CLAIMS	CH	CH/HY KC SF TE	800
	ACCOUNTABILITY FOR WIC VOUCHERS	CH	CH	150
	ACCOUNTABILITY OF FUNDS PROVIDED TO STATE LAW ENFORCEMENT BUREAUS	CH	CH	50
	STORAGE AND CONTROLS OVER USDA-DONATED COMMODITIES	CH	CH	250
	REDEMPTION CERTIFICATE PROCESSING FOLLOWUP BY FINANCIAL INSTITUTIONS	CH	CH	100
	EFFECTIVENESS OF FCS COMPLIANCE BRANCH	CH	CH	50
	FOLLOWUP ON AUDIT RECOMMENDATIONS AT THE MCSC	FM	FM	50
	DISTRICT OF COLUMBIA NATIONAL SCHOOL LUNCH PROGRAM	HY	HY	50
	SURVEY OF FCS REGIONAL OFFICE ADMINISTERED PROGRAM (ROAP)	HY	HY	50
	WIC VENDOR MONITORING	HY	HY	75
	CONTINUED MONITORING OF EBT SYSTEM DEVELOPMENT	HY	HY/AT CH FM KC SF TE	1250
	FY 1997 ACCOUNT MANAGEMENT AGENT SYSTEM ACTIVITY	HY	HY	100
	FCS FY 1997 FINANCIAL STATEMENTS	HY	HY/AT CH SF	1400
	FCS FY 1998 FINANCIAL STATEMENTS	HY	HY/AT CH KC SF	1400
	NATIONAL SCHOOL LUNCH PROGRAM - EAST ORANGE, NJ	HY	HY	50
	FCS NO-FEE SCHOOL MEAL PILOT PROGRAM	HY	HY	50
	EVALUATION OF NYC'S FSP ADP SYSTEM	HY	HY	150
	FSP ADMINISTRATIVE COSTS - NEW YORK	HY	HY	150
	NATIONAL SCHOOL LUNCH PROGRAM - PUERTO RICO	HY	HY	50
	NUTRITION ASSISTANCE PROGRAM OPERATIONS - PUERTO RICO	HY	HY	100
	NYC FSP ACCEPTANCE & REDEMPTION AT NONTRA- DITIONAL ENTITIES	HY	HY	100
	FOOD STAMP COMPUTER MATCHING OF FEDERAL EMPLOYEES	KC	KC	50
	FOOD STAMP STORES SWEEP	KC	KC	350
	FOOD STAMP PROGRAM PARTICIPATION BY BANNED RETAILERS	KC	KC	50
	NATIONAL INITIATIVE TO IDENTIFY SPONSOR ABUSES - CACFP	SF	SF/AT CH HY KC TE	2500
	STATE AGENCY ADMINISTRATION OF CACFP - CALIFORNIA	SF	SF	200
	CACFP - ADMINISTRATIVE COSTS OF DAY CARE CENTERS	SF	SF	200
	FOOD STAMP ADMINISTRATIVE COSTS - CALIFORNIA	SF	SF	250

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FCS	* FOOD CONSUMER PROGRAMS - RESEARCH, DEMONSTRATION, AND EVALUATION PROJECTS	TE	TE	150
	* WIC PROGRAM IN THE SOUTHWEST REGION	TE	TE	200
	DUPLICATE FSP PARTICIPATION IN LOUISIANA	TE	TE	25
	AUDIT MANAGEMENT AND LIAISON	ALL		4106
	SUBTOTAL 15356			
FS	TIMBER SALE ANALYSIS REQUIREMENTS	AT	AT/SF	150
	UNIFIED BUDGET AND BUDGET ALLOCATION PROCESS	AT	AT	50
	MONITORING FINANCIAL SYSTEMS AND PROCEDURES	AT	AT/FM SF	2000
	FY 1997 FS FINANCIAL STATEMENTS	AT	AT/CH FM HY KC SF TE	1000
	FY 1998 FS FINANCIAL STATEMENTS	AT	AT/CH FM HY KC SF TE	1450
	NATIONAL FIRE CACHE SYSTEM	AT	AT	50
	INTERNATIONAL FORESTRY PROGRAM (IFP)	HY	HY	75
	STATE AND PRIVATE FORESTRY GRANTS	HY	HY	50
	FINANCIAL DISCLOSURE AND OUTSIDE EMPLOYMENT ACTIVITIES	SF	SF	100
	LAND EXCHANGES - PACIFIC SOUTHWEST REGION	SF	SF	200
	AIRTANKER CONTRACTING PROCEDURES	SF	SF	50
	COLLECTION OF ROYALTIES ON OIL AND GAS PRODUCTION	TE	TE	100
	GRANTS TO NONPROFIT ORGANIZATIONS	TE	TE	150
	AUDIT MANAGEMENT AND LIAISON	ALL		1980
	SUBTOTAL 7405			
FSA	GUARANTEED FARMER PROGRAM - LOANS	AT	AT/KC	150
	BOLL WEEVIL ERADICATION LOAN PROGRAM	AT	AT	50
	ASSESSMENTS FOR STORED TOBACCO	AT	AT	60
	ARCHER DANIELS MIDLAND'S ADHERENCE TO USDA COMPLIANCE AGREEMENT	CH	CH	75
	CONSERVATION RESERVE PROGRAM - COST-SHARE VERIFICATION	CH	CH	150
	EVALUATION OF SECURITY AND REPAYMENT OF COMMODITY LOANS	CH	CH	100
	COMPLIANCE ACTIVITIES OVER PRIVATE INSURANCE COMPANIES	CH	CH	100
	FISCAL YEAR 1997 CCC FINANCIAL STATEMENTS	FM	FM/CH HY KC SF TE	800
	FISCAL YEAR 1998 CCC FINANCIAL STATEMENTS	FM	FM/HY KC	550
	EVALUATION OF CONTROLS OVER FSA CONTRACTING SERVICES PAYMENTS	FM	FM	50
	MONITORING OF CORE ACCOUNTING SYSTEM INITIATIVE	FM	FM	50
	EVALUATION OF CONTROLS OVER COUNTY OFFICE CHECKS AND COLLECTIONS	FM	FM	100
	MANAGEMENT OF FARMER PROGRAM LOANS IN PENNSYLVANIA	HY	HY	150
	FSA EMERGENCY CONSERVATION PROGRAM	HY	HY	100
	EMERGENCY DISASTER LOANS	KC	KC/CH SF	600
	CRP 1997 SOIL RENTAL RATES	KC	KC	75
	CONSERVATION RESERVE PROGRAM (SIGNUP 15)	KC	KC	20
	LIVESTOCK INDEMNITY PROGRAM	KC	KC	50
	UPLAND COTTON USER CERTIFICATE PROGRAM PAYMENTS	KC	KC	125
	EMERGENCY CONSERVATION PROGRAM	KC	KC/AT CH SF	490
	FARM CREDIT PROGRAM DIRECT LOANMAKING AND SERVICING ACTIONS	TE	TE	200
	WOOL AND MOHAIR PAYMENT LIMITATION	TE	TE	25
	REORGANIZATIONS FOR PAYMENT LIMITATION	TE	TE/AT SF	275

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FSA	STATE AGRICULTURAL MEDIATION PROGRAM	TE	TE/CH	400
	FARM CREDIT PROGRAM GUARANTEED LOANS	TE	TE	150
	PRODUCTION FLEXIBILITY CONTRACTS	TE	TE	200
	* EMPLOYEE DEBT FORGIVENESS	TE	TE	100
	CONTROLS OVER FARM CREDIT PROGRAM LOAN LIMITS	TE	TE	25
	INTEGRITY OF FSA RECEIPTS AND DISBURSEMENTS	TE	TE	100
	NONINSURED CROP DISASTER ASSISTANCE PROGRAM	TE	TE/KC	250
	PAYMENTS FOR 1996 CROP LOSSES			
	EMERGENCY DISASTER LOAN ELIGIBILITY	TE	TE	50
	NONINSURED CROP DISASTER ASSISTANCE PROGRAM	TE	TE/AT CH HY KC SF	850
	PAYMENTS FOR 1997 CROP LOSSES			
	DEBT COLLECTION BY ADMINISTRATIVE OFFSET	TE	TE	150
	AUDIT MANAGEMENT AND LIAISON	ALL		2416
	SUBTOTAL 9036			
FSIS	IMPLEMENTATION OF THE NEW HACCP REGULATIONS	AT	AT	100
	COMPLIANCE PROGRAM	AT	AT	100
	SANITATION STANDARDS OPERATING PROCEDURES	CH	CH	100
	OVERSIGHT OF MEAT AND POULTRY LABELING	CH	CH	25
	ACTIVITIES			
	FEDERAL/STATE COOPERATIVE AGREEMENTS	CH	CH	100
	ANIMAL PRODUCTION FOOD SAFETY	CH	CH	25
	IMPORTED MEAT INSPECTION PROCESS	HY	HY	200
	AUDIT MANAGEMENT AND LIAISON	ALL		237
	SUBTOTAL 887			
GIPSA	CONTRACT POULTRY GROWING ARRANGEMENTS	CH	CH	50
	EVALUATION OF AGENCY ACTIONS TO PROTECT	CH	CH	25
	LIVESTOCK PRODUCER PAYMENTS			
	AUDIT MANAGEMENT AND LIAISON	ALL		27
	SUBTOTAL 102			
MULTI	FACILITIES CONSTRUCTION GRANTS	AT	AT	150
	COORDINATION OF AGRICULTURAL CHEMICAL ISSUES	AT	AT	100
	IMPLEMENTATION OF GATT/URUGUAY ROUND	AT	AT	150
	ADJUSTED WORLD PRICES FOR RICE	AT	AT	50
	CONTROL OF WORKER'S COMPENSATION COSTS	AT	AT	75
	SAFEGUARDS OVER ENVIRONMENTAL LIABILITY	AT	AT	100
	AGENCY REVIEWS OF COMPLAINTS RELATED TO	CH	CH	50
	UNSAFE EGG PRODUCTS			
	MONITORING OF THE GUARANTEED LOAN ACCOUNTING	FM	FM	10
	SYSTEM REDESIGN			
	MONITORING OF MODERNIZATION OF ADMINISTRATIVE	FM	FM	200
	PROCESSES (MAP) PROJECT			
	SECURITY AND CONTROL OF SENSITIVE SYSTEMS	FM	FM	25
	FOLLOWUP REVIEW OF DOMESTIC ORIGIN	FM	FM/AT KC SF	250
	REQUIREMENTS			
	ASSESSMENT OF USDA USER FEES AND OTHER	FM	FM	50
	CHARGES			
	REVIEW OF YEAR 2000 PROJECT - VALIDATION	FM	FM	75
	PHASE			
	REVIEW OF CONTRACT COMPLIANCE FOR FFIS & CORE	FM	FM	50
	IMPLEMENTATION OF GOVERNMENT PERFORMANCE AND	FM	FM	100
	RESULTS ACT OF 1993			
	FISCAL YEAR 1997 CONSOLIDATED FINANCIAL	FM	FM	400
	STATEMENTS - USDA			

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
MULTI	FISCAL YEAR 1998 CONSOLIDATED FINANCIAL STATEMENT - USDA	FM	FM	200
	USDA ENTERPRISE NETWORK AND FIELD SERVICE CENTER IMPLEMENTATION (INFOSHARE)	FM	FM/HQ	400
	DEPARTMENT AND AGENCY SERVICE CONTINUITY PLANS	FM	FM	100
	MONITORING THE FINANCIAL INFORMATION SYSTEM	FM	FM	100
	USDA COMPLIANCE WITH THE DEBT COLLECTION IMPROVEMENT ACT OF 1996	FM	FM	50
	* EVALUATION OF USDA'S IMPLEMENTATION OF THE PROGRAM FRAUD & CIVIL REMEDIES ACT OF 1996	HY	HY	50
	CONSERVATION RESERVE PROGRAM RANKING SYSTEM (SIGNUP 16)	KC	KC/AT CH HY SF TE	550
	CONSERVATION RESERVE PROGRAM (SIGNUP 15) - ESTABLISHMENT AND MAINTENANCE OF COVER CROPS	KC	KC/AT CH HY SF TE	575
	INTEREST ACCRUED ON DELINQUENT GUARANTEED LOANS	TE	TE	100
	LAN AND CAPTAIN MAINTENANCE	FM	FM/CH HY SF TE	935
	AUDIT OF CONTRACTS	ALL	(EXCEPT TE CH FM)	130
	SPECIAL REQUEST AUDITS	ALL		6040
	AUDIT FOLLOWUP	ALL		600
	SINGLE AUDIT MANAGEMENT	ALL	(EXCEPT FM)	765
	AUDIT MANAGEMENT AND LIAISON	ALL		4540
	SUBTOTAL			16970
NASS	SECURITY OF NASS STATISTICAL FORECASTING DATA	FM	FM	100
	AUDIT MANAGEMENT AND LIAISON	ALL		37
	SUBTOTAL			137
NRCS	* FARMLAND PROTECTION PROGRAM	AT	AT	100
	MONITORING OF LAKE APOPKA CLEANUP	AT	AT	50
	1997 WETLANDS RESERVE PROGRAM IN OHIO	CH	CH	25
	NRCS COOPERATIVE AGREEMENTS	HY	HY	100
	WETLAND RESERVE PROGRAM ACCOMPLISHMENTS	KC	KC/AT CH HY SF TE	450
	EMERGENCY WATERSHED PROTECTION PROGRAM	KC	KC	100
	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	KC	KC	50
	EFFECTIVENESS OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	KC	KC/AT CH HY SF TE	375
	AUDIT MANAGEMENT AND LIAISON	ALL		456
	SUBTOTAL			1706
OCFO	REVIEW OF OCFO/NFC CICS/DB2 SECURITY AND CONTROL OVER "TOP SECRET" ACCESS	FM	FM	125
	FISCAL YEAR 1997 USDA WORKING CAPITAL FUND FINANCIAL STATEMENTS	FM	FM	50
	FISCAL YEAR 1998 USDA WORKING CAPITAL FUND FINANCIAL STATEMENTS	FM	FM	50
	SYSTEM REVIEW OF NFC PAYROLL OPERATIONS	FM	FM	100
	NFC GENERAL CONTROLS REVIEW - FY 1997	FM	FM	150
	NFC GENERAL CONTROLS REVIEW - FY 1998	FM	FM	300
	MONITORING NFC INITIATIVES	FM	FM	50
	AUDIT MANAGEMENT AND LIAISON	ALL		301
	SUBTOTAL			1126

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
OO	NATIONAL INFORMATION TECHNOLOGY CENTER	FM	FM	200
	GENERAL CONTROLS - FY 1998			
	AUDIT MANAGEMENT AND LIAISON	ALL		73
	SUBTOTAL			273
RBS	FUND FOR RURAL AMERICA	CH	CH	100
	INTERMEDIARY RELENDING PROGRAM	HY	HY	25
	DIRECT LOANS TO BUSINESS AND INDUSTRY	KC	KC	75
	BUSINESS AND INDUSTRIAL GUARANTEED LOANS - LOANMAKING	SF	SF/AT CH HY KC TE	1150
*	STANDARDS FOR CERTIFIED LENDER PROGRAM	TE	TE	100
	RURAL COOPERATIVE DEVELOPMENT GRANTS	TE	TE	50
	EMPOWERMENT ZONES - ENTERPRISE COMMUNITIES	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		584
	SUBTOTAL			2184
RD	FISCAL YEAR 1997 RURAL DEVELOPMENT FINANCIAL STATEMENT AUDIT	FM	FM/KC	955
	FISCAL YEAR 1998 RURAL DEVELOPMENT FINANCIAL STATEMENT AUDIT	FM	FM/KC	355
	EFFECTIVENESS OF RURAL DEVELOPMENT'S INFORMATION RESOURCE MANAGEMENT OPERATIONS	FM	FM	200
	AUDIT MANAGEMENT AND LIAISON	ALL		551
	SUBTOTAL			2061
RHS	GUARANTEED RURAL HOUSING LOANS	AT	AT/CH HY SF TE	275
	RRH - NATIONWIDE INITIATIVE TO ADDRESS FINANCIAL INTEGRITY, SAFETY, AND HEALTH	CH	CH/AT HY KC SF TE	2450
	COMMUNITY FACILITY LOAN APPROVALS	CH	CH	100
*	RRH LOAN MAKING	CH	CH	50
	REVIEW OF CENTRALIZED SERVICING OPERATIONS	FM	FM	150
	STRATEGIC MONITORING OF THE RURAL HOUSING SERVICE'S UNIFI SYSTEM	FM	FM	50
	CENTRALIZED SERVICING CENTER'S BORROWER ASSISTANCE BRANCH (INTEREST CREDIT)	FM	FM/CH TE	250
	SINGLE FAMILY HOUSING LOAN ESCROW INVESTMENT SERVICES CONTRACT	FM	FM	50
	DELINQUENT ACCOUNT SERVICING BY THE CENTRALIZED SERVICING CENTER	FM	FM	100
	PRESERVATION GRANTS	HY	HY	25
	ADMINISTRATION OF RH OPERATIONS - PUERTO RICO	HY	HY	100
	CONVERSION OF SECTION 8 TO RENTAL ASSISTANCE	KC	KC	100
	FARM LABOR HOUSING AND RENTAL ASSISTANCE	SF	SF	150
	EVALUATION OF THE MANAGEMENT OF SELECTED RURAL HOUSING PROJECTS	TE	TE	25
	AUDIT MANAGEMENT AND LIAISON	ALL		1414
	SUBTOTAL			5289
RMA	* CROP INSURANCE PROGRAM (SPECIALTY CROPS)	AT	AT/CH HY KC SF TE	650
	CROP INSURANCE FOR NURSERIES	AT	AT	75
	FISCAL YEAR 1997 FCIC FINANCIAL STATEMENTS	FM	FM/HQ	35
	FISCAL YEAR 1998 FCIC FINANCIAL STATEMENTS	FM	FM/HQ	20
	REVENUE INSURANCE CLAIMS	KC	KC	125
	CAT INSURANCE POLICY SERVICING	KC	KC/AT HY SF	350
	CONFLICTS OF INTEREST AT REINSURED COMPANIES	KC	KC	150
*	LOSS RATIO FORMULA	TE	TE	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
RMA	1997 PAYMENTS FOR 1996 PREVENTIVE PLANTINGS	TE	TE/CH KC SF	545
	NONSTANDARD CLASSIFICATION SYSTEM	TE	TE	50
	CROP INSURANCE CLAIMS	TE	TE	50
	OPTIONAL UNITS	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		821
	SUBTOTAL			3071
RUS	REVIEW OF RUS LOAN FUNDS AUDITS	FM	FM	75
	FISCAL YEAR 1997 RURAL TELEPHONE BANK FINANCIAL STATEMENT AUDIT	FM	FM	225
	FISCAL YEAR 1998 RURAL TELEPHONE BANK FINANCIAL STATEMENT AUDIT	FM	FM	75
	WATER AND WASTEWATER GRANTS IN ALASKA	SF	SF	300
	ELECTRIC GENERATION AND DISTRIBUTION BORROWER INVESTMENTS	TE	TE	150
	TELEPHONE LOANMAKING POLICIES	TE	TE	50
	DISTANCE LEARNING AND TELEMEDICINE LOAN PROGRAM	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		356
	SUBTOTAL			1331

GRAND TOTAL STAFF DAYS 69800

* An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making, for making recommendations for improvements to programs, policies, or procedures, and for administrative action.

